



Legislation Details (With Text)

File #: 0664-2022 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 2/28/2022 **In control:** Economic Development Committee

On agenda: 3/28/2022 **Final action:** 3/30/2022

Title: To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement with lululemon usa, inc. for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a total proposed capital investment of approximately \$27,700,000.00 including \$22,000,000.00 in real property improvements, retention of 209 employees with an approximate annual payroll of \$9,650,042.00 and the creation of 199 net new full-time permanent positions with an estimated annual payroll of approximately \$7,036,640.00.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 0664-2022 lululemon - Site Map, 2. 0664-2022 lululemon - EZ Fact Sheet

Date	Ver.	Action By	Action	Result
3/30/2022	1	CITY CLERK	Attest	
3/29/2022	1	MAYOR	Signed	
3/28/2022	1	COUNCIL PRESIDENT	Signed	
3/28/2022	1	Columbus City Council	Approved	Pass
3/21/2022	1	Columbus City Council	Read for the First Time	

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with lululemon usa, inc. The Ohio Enterprise Zone law O.R.C. Section 5709.62(C) requires the City to enter into a Council-approved agreement between the City and participating companies.

lululemon usa, inc. (“lululemon”), headquartered in Sumner, WA, is a subsidiary of lululemon athletica, inc. and makes and distributes technical athletic wear including tops, clothes for yoga, shorts, sweaters, jackets, running and work-out apparel, etc. The company has operated a regional hub and distribution center from Columbus since 2014, and plans to expand with the following major updates: 1) existing employee restroom and breakroom expansion and renovations within the existing building footprint 2) expand existing parking lots onsite to support current and future staffing levels 3) expansion of the existing building to add 176,000 sq. ft. including additional employee spaces such as prayer rooms, meditation rooms, mother's rooms, training spaces and open office areas, and 4) new outdoor covered basketball court for warehouse employees and the addition of two outdoor patio breakroom spaces for staff.

lululemon is proposing to invest a total project cost of approximately \$27,700,000, which includes \$4,500,000 in machinery and equipment, \$1,200,000 in furniture and fixtures, and \$22,000,000 in real property improvements to renovate approximately 15,000 sq. ft. of existing space and construct approximately 176,000 sq. ft. of new industrial and office space at 2200 Spiegel Drive, Columbus, Ohio 43125, parcel number 495-233211 (the “**Project Site**”). The company anticipates that the development of the proposed project will lead to the retention of 209 employees with an approximate annual payroll of \$9,650,042 and the creation of 199 net new full-time permanent positions with an estimated annual payroll of approximately \$7,036,640 at the proposed **Project Site**.

The Department of Development recommends a 75%/10-year Enterprise Zone tax abatement on real property improvements.

The Columbus City School District has been advised of this project. This legislation is presented as 30-day legislation.

FISCAL IMPACT:

No Funding is required for this legislation.

To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement with lululemon usa, inc. for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a total proposed capital investment of approximately \$27,700,000.00 including \$22,000,000.00 in real property improvements, retention of 209 employees with an approximate annual payroll of \$9,650,042.00 and the creation of 199 net new full-time permanent positions with an estimated annual payroll of approximately \$7,036,640.00.

WHEREAS, the Columbus City Council authorized the designation of the Central Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2690-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; and 0032-2012 in 2012; 1442-2020 in 2020 and 0279-2021 in 2021; and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised Code and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999, September 25, 2000, January 27, 2003, August 19, 2003, April 3, 2012, September 18, 2020 and most recently on May 20, 2021 as an “urban jobs and enterprise zone” under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, lululemon usa, inc. (“lululemon”), headquartered in Sumner, WA, is a subsidiary of lululemon athletica, inc. and makes and distributed technical athletic clothes for yoga, running, and working out; and

WHEREAS, lululemon has operated a regional hub and distribution center from Columbus since 2014, and plans to expand with the following major updates: 1) existing employee restroom and breakroom expansion and renovations within the existing building footprint 2) expanded parking lots onsite to support current and future staffing levels onsite 3) expansion of the building to add 176,000 sq. ft. including additional employee spaces such as prayer rooms, meditation rooms, mother's rooms, training spaces and open office areas, and 4) new outdoor covered basketball court for warehouse employees and the addition of two outdoor patio breakroom spaces for staff; and

WHEREAS, lululemon is proposing to invest a total project cost of approximately \$27,700,000, which includes \$4,500,000 in machinery and equipment, \$1,200,000 in furniture and fixtures, and \$22,000,000 in real property improvements to renovate approximately 15,000 sq. ft. of existing space and construct approximately 176,000 sq. ft. of new industrial and office space at 2200 Spiegel Drive, Columbus, Ohio 43125, parcel number 495-233211 (“**Project Site**”); and

WHEREAS, lululemon anticipates that the development of the proposed project will lead to the retention of 209 full-time employees at an approximate annual payroll of \$9,605,042 and the creation of one hundred and ninety-nine (199) net new full-time permanent positions with an estimated new annual payroll of approximately \$7,036,640 at the proposed **Project Site**; and

WHEREAS, the City is encouraging this project because of plans to expand lululemon’s regional hub and distribution facility; and

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the City desires to enter in such a binding formal agreement in order to foster economic growth for the preservation of public health, peace, property and safety; **NOW, THEREFORE:**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Council of Columbus finds that the enterprise submitting this proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the municipal corporation.

SECTION 2. That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving this tax incentive is a critical factor in the decision by lululemon usa, inc. to move forward with the proposed project.

SECTION 3. That the Director of the Department of Development is hereby authorized and directed to enter into an Enterprise Zone Agreement with lululemon usa, inc. to provide therewith an exemption of seventy-five percent (75%) on real property improvements for a term of ten (10) consecutive taxable years in association with the project's proposed total investment of approximately \$27,700,000, including \$22,000,000 in real property improvements at 2200 Spiegel Drive, Columbus, Ohio 43215, parcel number 495-233211, the retention of 209 employees with an approximate annual payroll of \$9,650,042 and the creation of 199 net new full-time permanent positions with an estimated annual payroll of approximately \$7,036,640.

SECTION 4. That the City of Columbus Enterprise Zone Agreement is signed by lululemon usa, inc. within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein are null and void.

SECTION 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.