



Legislation Text

File #: 1750-2010, **Version:** 1

BACKGROUND: Columbus City Council (Council), by Ordinance No. 0069-2008, passed January 28, 2008, authorized the City to enter into an Enterprise Zone Agreement (the Agreement) with Capital City Group, Inc. (Enterprise) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a \$2,500,000 investment in real property improvements and the retention of 147 permanent full-time jobs related to the construction of an approximately 25,146 square foot facility on parcel numbers 010-112491 and 010-233210 at 2299 Performance Parkway in Columbus, Ohio and within the City of Columbus Enterprise Zone. The Agreement was made and entered into to be effective February 29, 2008 (EZA# 023-08-04).

The 2010 Columbus Tax Incentive Review Council (TIRC) reviewed the Capital City Group, Inc. Enterprise Zone project on August 19, 2010, and recommended that the Agreement be continued and that City send Enterprise a job creation warning letter and request a meeting with Enterprise to (1) discuss the job situation, (2) discuss likely job retention goals in light of the nature of employment needs, and (3) amend the Agreement if need be to reflect revised job numbers. Both City and Enterprise have been compliant with the requests of the TIRC. This legislation seeks to authorize amendment of the Agreement to amend the job retention requirements as set forth in the Agreement to maintain a retained job level of 60 jobs with a commensurate retained payroll of \$2,475,104. It is anticipated that the company will be able to maintain good compliance in future years with the revised retained job level requirement. The terms of the tax abatement are not modified by this amendment and it is expected to run through 2018.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the end of 2010 so that this amendment to the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2010.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with Capital City Group, Inc.; and to declare an emergency.

WHEREAS, the Columbus City Council approved the Enterprise Zone Agreement with Capital City Group, Inc. (the "EZA") on January 28, 2008 by Ordinance No. 0069-2008 and entered into effective February 29, 2008; and

WHEREAS, the EZA grants Capital City Group, Inc. a 75%/10-Year abatement on real property investment; and

WHEREAS, the EZA requires Capital City Group, Inc. to invest \$2,500,000 in real property improvements and retain 147 permanent full-time jobs at their facility to be constructed at 2299 Performance Parkway; and

WHEREAS, the Tax Incentive Review Council (the "TIRC") met on August 19 2010 and it was reported then that the project had met the real property investment goal of the EZA but job retention had fallen short, with 89 jobs reported as retained as of December 31, 2009, compared to the job retention goal of 147; and

WHEREAS, the TIRC recommended that the EZA be continued and that City send Capital City Group, Inc. a job creation warning letter, request a written job plan, and to allow for the possibility of amending the jobs numbers as per the EZA; and

WHEREAS, Capital City Group, Inc. had added a new steel erection unit prior to entering into the EZA but this new venture proved unsuccessful and those employees were laid off impacting the job retention number, and with the natural cycle of construction-related employment being lowest at the end of the year the retained jobs to be reported as of the end of each reporting year have been adjusted downwards; and

WHEREAS, as the City and Enterprise have been compliant with the recommendations of the TIRC, the City desires to amend the job retention requirements of the EZA; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to take action on this agreement in order for this amendment to be legislated prior to the end of 2010 so that this amendment to the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2010, and to preserve the public health, property, safety and welfare; **NOW, THEREFORE,**

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

Section 1. That the Director of the Department of Development is hereby authorized to amend the Capital City Group, Inc. Enterprise Zone Agreement (EZA) to amend the job retention requirement as set forth in the EZA to the retention of 60 jobs with a commensurate overall payroll of \$2,475,104.

Section 2. For the reasons stated in the preamble hereto, which is made a part hereof, this Ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten (10) days after passage if the Mayor neither approves nor vetoes this Ordinance.