



Legislation Text

File #: 2841-2013, Version: 1

BACKGROUND: Columbus City Council (Council), by Ordinance 0596-2006, passed April 3, 2006, authorized the City of Columbus (City) to enter into an Community Reinvestment Area Agreement (Agreement) with Cassady Gateway Partners, LLC and Mid Ohio Oncology/Hematology, Inc. (Enterprise) for a tax abatement of fifty percent (50%) for a period of ten (10) years in consideration of an investment of a total \$42 million in real and personal property with \$21.9 million of this being for real property improvements, the retention of 130 existing jobs and the creation of 80 new full-time permanent jobs with an associated annual payroll of approximately \$6 million related to the construction of a new 109,000 square feet facility at which Enterprise can consolidate and expand its operations on part of parcel number 010-263075 at 3100 Plaza Properties Boulevard in Columbus, Ohio and within the boundaries of the Cassady/I-670 Community Reinvestment Area. The Agreement was made and entered into to be effective April 27, 2006 (CRA# 049-18000-10 / 06-001). This Agreement was subsequently authorized by Council to be amended for the first time to remove any and all language pertaining to personal property investment and tax abatements related to this personal property investment from the Agreement by Ordinance 0614-2009, passed May 11, 2009, with this first amendment made and entered into effective January 1, 2009.

As part of the Annual Report for Report Year 2012, Enterprise submitted job and payroll numbers which were as of December 31, 2012 out of compliance with the commitments of the Agreement. New jobs were reported at 57 (commitment of 80; 23 low; 71% attainment) and new job payroll was reported to be \$4.6 million (commitment of \$6 million; \$1.4 million low; 77% attainment). A mid-year follow-up was undertaken by City staff which indicated that the failure to meet the new job and payroll commitment numbers was due to market conditions and changes in Medicaid reimbursement rates.

The 2013 Columbus Tax Incentive Review Council (TIRC) reviewed the Cassady Gateway Partners, LLC and Mid Ohio Oncology/Hematology, Inc. Community Reinvestment Area project on August 22, 2013, and recommended that the Agreement be continued and that City staff meet with Enterprise to determine proper revised job and payroll levels and amend the Agreement accordingly. On September 20, 2013, City staff met with Enterprise and the determination was made that the job creation commitment should be revised to 61 from 80 and that the commensurate new job payroll be revised to \$3,927,241 from \$6,000,000.

This legislation seeks to authorize amendment of the Agreement to amend the job creation and new job payroll commitments as set forth in the Agreement to maintain a new full-time permanent job level of 61 jobs with a commensurate new full-time permanent job payroll of \$3,927,241. It is anticipated that the Enterprise will be able to maintain good compliance in future years with the new full-time permanent job and payroll requirements. The terms of the tax abatement are not modified by this amendment and it is expected to run through 2016.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the end of 2013 so that this amendment to the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2013.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Community Reinvestment Area Agreement with Cassady Gateway Partners, LLC and Mid Ohio Oncology/Hematology, Inc. to amend the new full-time permanent job requirement as set forth in the Agreement; and to declare an emergency.

WHEREAS, the Columbus City Council (Council) approved the Community Reinvestment Area Agreement (Agreement) with Cassady Gateway Partners, LLC and Mid Ohio Oncology/Hematology, Inc. (Enterprise) on April 3, 2006 by Ordinance 0596-2006 and entered into effective April 27, 2006; and

WHEREAS, the Agreement grants Enterprise a 50%/10-Year abatement on real property investment; and

WHEREAS, the Agreement commits Enterprise to invest \$21.9 million in real property improvements, retain 130 jobs and create 80 new permanent full-time jobs with an associated payroll of approximately \$6 million related to the construction of a new 109,000 square foot facility at 3100 Plaza Properties Blvd; and

WHEREAS, the Agreement was authorized by Council to be amended for the first time to remove any and all language pertaining to personal property investment and tax abatements related to this personal property investment from the Agreement by Ordinance 0614-2009, passed May 11, 2009, with this first amendment made and entered into effective January 1, 2009; and

WHEREAS, 2013 Columbus Tax Incentive Review Council (TIRC) reviewed the Cassady Gateway Partners, LLC and Mid Ohio Oncology/Hematology, Inc. Community Reinvestment Area project on August 22, 2013 where it was reported that the project had submitted job and payroll numbers which were as of December 31, 2012 out of compliance with the commitments of the Agreement, with new jobs reported to be 57 (commitment of 80; 23 low; 71% attainment) and new job payroll reported to be \$4.6 million (commitment of \$6 million; \$1.4 million low; 77% attainment) but that as per a mid-year reporting follow-up undertaken by City staff the failure to meet the new job and payroll commitment numbers was due to market conditions and changes in Medicaid reimbursement rates; and

WHEREAS, the TIRC recommended that the Agreement be continued and that city staff meet with Enterprise to determine proper revised job and payroll levels and amend the Agreement accordingly and the City desires to amend the job creation and payroll requirements of the Agreement; and

WHEREAS, on September 20, 2013, city staff met with Enterprise and the determination was made that the job creation commitment should be revised to 61 from 80 and that the commensurate new job payroll be revised to \$3,927,241 from \$6,000,000; 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 2013 so that this amendment to the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2013, and to preserve the public health, property, safety and welfare; and **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 Cassady Gateway Partners, LLC and Mid Ohio Oncology/Hematology, Inc. Community Reinvestment Area Agreement (Agreement) to amend the new full-time permanent job requirement as set forth in the Agreement to the creation of 61 jobs with a commensurate new full-time permanent job payroll of \$3,927,241.

Section 2. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.