



City of Columbus

Office of City Clerk
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Legislation Text

File #: 1988-2011, **Version:** 1

BACKGROUND: Columbus City Council (Council), by Ordinance 0126-2005, passed January 31, 2005, authorized the City of Columbus (City) to enter into an Enterprise Zone Agreement (the Agreement) with Simpson Strong-Tie Co. (Enterprise) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a \$6,500,000 investment in real property improvements, a \$2,150,000 investment in personal property, the retention of 166 permanent full-time jobs, and the creation of 6 permanent full-time jobs by related to the construction of an approximately 135,000 square foot addition to their facility on parcel number 560-212875 at 2600 International Street in Columbus, Ohio and within the City of Columbus Enterprise Zone. The Agreement was made and entered into to be effective May 20, 2005 (EZA# 023-05-03). 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.

The 2010 Columbus Tax Incentive Review Council (TIRC) reviewed the Simpson Strong-Tie Co. 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 Agreement if need be to reflect revised job numbers. Both City and Enterprise have been compliant with the requests of the TIRC. The 2011 TIRC reviewed the project on August 18, 2011 and recommended that the Agreement be continued based on the pending status of legislation. This legislation seeks to authorize amendment of the Agreement to amend the job creation and job retention requirements as set forth in the Agreement, removing specific requirements for the creation and retention of jobs and replacing that with achieving and maintaining an overall job level of 122 jobs with a commensurate overall payroll of \$5,080,000. It is anticipated that the company will be able to maintain good compliance in future years with the revised overall job level requirement. The terms of the property tax abatement are not modified by this amendment and it is expected to run through 2015.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the end of 2011 so that this amendment to the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2011.

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 Simpson Strong-Tie Co.; and to declare an emergency.

WHEREAS, the Columbus City Council approved the Enterprise Zone Agreement with Simpson Strong-Tie Co. (the "EZA") on January 31, 2005 by Ordinance 0126-2005 and entered into effective May 20, 2005; and

WHEREAS, the EZA grants Enterprise a 75%/10-Year abatement on real and personal property investment; and

WHEREAS, the EZA commits Simpson Strong-Tie Co. to invest \$6,500,000 in real property improvements, \$2,150,000 in personal property, retain 166 permanent full-time jobs, and create 6 permanent full-time jobs related to the expansion of their new facility at 2600 International Street; and

WHEREAS, the EZA 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 EZA by Ordinance 0614-2009, passed May 11, 2009; 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 goals of the EZA but that the goals for job retention and creation had fallen short, with 112 jobs reported as retained and no jobs reported as created as of December 31, 2009, compared to the job retention and creation goals of 166 and 6, respectively; and

WHEREAS, the TIRC recommended that the EZA be continued and that City of Columbus send Simpson Strong-Tie Co. a job creation warning letter and request a meeting with Simpson Strong-Tie Co. to (1) discuss the job situation, (2) discuss likely job retention goals in light of the nature of employment needs, and (3) amend the EZA if need be to reflect revised job numbers; and

WHEREAS, the 2011 TIRC met on August 18, 2011 and recommended that the EZA be continued based on the pending status of legislation; and

WHEREAS, as the City and Simpson Strong-Tie Co. have been compliant with the recommendations of the TIRC, the City desires to amend the job creation and 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 2011 so that this amendment to the EZA can be reported to the necessary local and state agencies prior to the end of calendar year 2011, 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 Simpson Strong-Tie Co. Enterprise Zone Agreement (EZA) to amend the job creation and job retention requirements as set forth in the EZA, removing the specific requirement for the creation and retention of jobs and replacing that with achieving and maintaining an overall job level of 122 jobs with a commensurate overall payroll of \$5,080,000.

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.