



Legislation Text

File #: 1737-2005, **Version:** 1

BACKGROUND: This legislation authorizes the Director of Development to amend the City's Enterprise Zone Agreement (EZA) with The Trane Company ("Trane") and Millennium Court II LLC ("Millennium Court II"). The EZA was authorized by City Council in 2001 and was signed in 2002 by Trane, the anchor tenant, and Millennium Court II, the owner of the real property. The EZA granted a tax abatement of 50%/8-yrs (2003-2010) on real property and called for \$5 million to be invested in the construction of a new facility and \$1.729 million to be invested in new personal property. As of December 2004, the attained investment level was satisfactory for both real and personal property. Trane agreed to retain 103 existing jobs and to create 54 new jobs by the end of 2005. The company's business is heavily dependent on new non-residential construction and this market has contracted since 2001. Trane's employment has been decreasing since 2002 and as of July 2005 the retained jobs numbered 98 and zero (0) jobs had been created. The company expects that if current conditions persist it will be able to create only 5 jobs by the end of 2006. There is another tenant with jobs at the facility but this tenant does not wish to be added to the EZA. The Columbus Tax Incentive Review Council (TIRC) has recommended that the time allowed for the job creation be extended by two years to December 31, 2007 and that the length of the abatement be reduced by one year.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend the Enterprise Zone Agreement with The Trane Company and Millennium Court II LLC by extending the time for attaining the job creation to December 31, 2007 and reducing the length of the tax abatement by one (1) year; and to declare an emergency.

WHEREAS, the Columbus City Council approved an Enterprise Zone Agreement with The Trane Company ("Trane ") and Millennium Court II LLC ("Millennium Court II") on December 18, 2001 by Ordinance No. 2089-01; and

WHEREAS, the City entered into the Enterprise Zone Agreement with Trane and Millennium Court II on August 12, 2002 (the "EZA"), in which the City granted a 50%/8-year (2003-2010) abatement on real property improvements; and

WHEREAS, Trane and Millennium Court II agreed to invest \$5 million to construct a new facility and \$1.729 million to acquire new personal property and as of December 2004 these investment levels had been satisfactorily attained; and

WHEREAS, Trane agreed to retain 103 existing jobs and to create 54 new jobs by the end of 2005; and

WHEREAS, Trane's business is heavily dependent on new non-residential construction and this market has contracted since 2001; and

WHEREAS, the number of jobs at Trane has been decreasing since 2002 and as of July 2005, 98 jobs had been retained and zero (0) jobs had been created; and

WHEREAS, it is anticipated that if current economic conditions persist, Trane will be able to create only approximately 5 jobs by the end of 2006; and

WHEREAS, another tenant with jobs occupies space in the project facility but has declined to become a party to the EZA; and

WHEREAS, the Columbus Tax Incentive Review Council (the "TIRC") on August 16, 2005 recommended to amend the EZA to extend the job creation period to December 31, 2007 and to reduce the length of the tax abatement by one (1) year, *i.e.*, making 2009

the final year of abatement; and

WHEREAS, the City desires to amend the EZA following the TIRC's recommendations; 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 the TIRC's recommendations to comply with the sixty (60) day deadline for City Council action imposed by R.C. Section 5709.85 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. The Director of Development is hereby authorized to amend the City's Enterprise Zone Agreement with The Trane Company and Millennium Court II LLC to extend the period allowed for the job creation to December 31, 2007 and to reduce the length of the tax abatement by one (1) year, making 2009 the final year of abatement.

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.