



Legislation Text

File #: 1017-2017, **Version:** 1

BACKGROUND: The need exists to amend the Columbus Enterprise Zone Agreement with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. (collectively and hereinafter referred to as “ENTERPRISE”). Columbus City Council (COUNCIL), by Ordinance No. 0489-2015, passed March 2, 2015, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the “AGREEMENT”) with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of an approximate \$1.5 million in total project costs, which includes \$765,000 in new construction and leasehold improvements, acquisition costs, machinery, equipment, furniture and fixtures. The ENTERPRISE committed to create three (3) new full-time permanent positions with an annual payroll of approximately \$85,280, and retain and relocate fifty-four (54) full-time jobs with an annual payroll of approximately \$2.179 million related to the redevelopment of an on old vacant commercial facility for the expansion and relocation of its’ corporate headquarters. The new corporate headquarters will consist of approximately 16,456 sq. ft. +/- of office space with a proposal of expanding the building another 6,544 sq. ft., totaling approximately 23,000 sq. ft. In addition, ENTERPRISE is to construct a new separate wash bay building consisting of approximately 2,500 sq. ft. (the “PROJECT”) at 2137 Parkwood Avenue, parcel numbers 010-226069 and 010-099105 (“PROJECT SITE”), within the Columbus City School District and within the City of Columbus Enterprise Zone. The AGREEMENT was made and entered into effective April 10, 2015. The AGREEMENT stated that construction on the real property improvements was expected to begin no later than April 2015 and that all real property improvements were expected to be completed by the December 2015, and that no real property exemption shall commence after January 1, 2016 nor extend beyond December 31, 2025.

In a letter from the ENTERPRISE dated February 21, 2017, it indicated that the aforementioned expansion project did not begin as initially planned; therefore, delaying the project start date on all real property improvements. The ENTERPRISE began the PROJECT in late summer 2015 with all real property improvements being completed by year-end. The letter is requesting that the AGREEMENT be amended to change the ENTERPRISE’s real property exemption dates from no real property exemption shall commence after January 1, 2016 nor extend beyond December 31, 2025 to no real property exemption shall commence after January 1, 2017 nor extend beyond December 31, 2026. With this modification, the ENTERPRISE will receive the full ten (10) year tax exemption realized on the anticipated increased market value of the property tax assessed in year 2016, but billed in 2017; therefore, not forfeiting a year of tax exemption.

This legislation is to authorize the Director of the Department of Development to amend the AGREEMENT for the first time to modify the dates of the real property exemption from no real property exemption shall commence after January 1, 2016 nor extend beyond December 31, 2025 to no real property exemption shall commence after January 1, 2017 nor extend beyond December 31, 2026, which will allow the ENTERPRISE to receive the full taxable exemption beginning in 2017.

This legislation is being presented as an emergency measure in order for this amendment to be legislated in as expedient manner as possible so that this amendment to the AGREEMENT can be executed and ensure that ENTERPRISE receives the full term of the tax abatement as authorized in the AGREEMENT.

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 CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., for the first time to change the dates of the real property improvements tax exemption period; and to declare an emergency.

WHEREAS, the City of Columbus (CITY) entered into an Enterprise Zone Agreement (the “AGREEMENT”) with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. (“ENTERPRISE”), approved by Columbus City Council (“COUNCIL”) on March 2, 2015 by Ordinance No. 0489-2015 with that AGREEMENT made and entered into effective April 10, 2015; and

WHEREAS, the AGREEMENT granted a 75%/10-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of an approximate \$1.5 million in total project costs, which included \$765,000 in real property improvements and leasehold improvements, the creation of 3 new full-time permanent positions with an annual payroll of approximately \$85,280, and the retention and relocation of 54 full-time jobs related to the expansion and relocation of the ENTERPRISE’s corporate headquarters from 561 Short Street to 2137 Parkwood Avenue, Columbus, Ohio 43219, parcel numbers 010-099105 and 010-226069, within Columbus City School District and within the City of Columbus Enterprise Zone; and

WHEREAS, the AGREEMENT stated that construction on the real property improvements on (the “PROJECT”) was expected to begin no later than April 2015 and that all real property improvements were expected to be completed by December 2015 and that no real property exemption was to commence after January 1, 2016 nor extend beyond December 31, 2025; and

WHEREAS, the Department of Development has received a letter from the ENTERPRISE dated February 21, 2017, which indicated that the aforementioned expansion project did not begin as initially planned; therefore, delaying the project start date on all real property improvements. The ENTERPRISE began the PROEJCT in late summer 2015 with all real property improvements being completed by year-end; and

WHEREAS, the letter is requesting the CITY to amend the AGREEMENT by changing the real property exemption dates from no real property exemption shall commence after January 1, 2016 nor extend beyond December 31, 2025 to no real property exemption shall commence after January 1, 2017 nor extend beyond December 31, 2026; and

WHEREAS, an amendment to the AGREEMENT is now required to revise the real property exemption dates from not to commence after January 1, 2016 nor extend beyond December 31, 2025 to no real property exemption shall commence after January 1, 2017 nor extend beyond December 31, 2026; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an amendment to the AGREEMENT with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. and to modify the real property exemption dates for which the abatement would begin and end; thereby preserving the public health, peace, property and safety; 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 Enterprise Zone Agreement with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. to change the real property exemption dates from no real property exemption shall commence after January 1, 2016 nor extend beyond December 31, 2025 to no real property exemption shall commence after January 1, 2017 nor extend beyond December 31, 2026.

SECTION 2. That this FIRST AMENDMENT to the City of Columbus Enterprise Zone Agreement be signed CSE Leasing dba Contract Sweepers and Equipment Company, Inc. within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

SECTION 3. That for reasons stated in the preamble hereto, which is hereby made a part hereof, the ordinance is hereby 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 days after the passage if the Mayor neither approves nor vetoes the same.