



Legislation Text

File #: 3081-2023, **Version:** 1

BACKGROUND: The Director of the Department of Development is requesting authorization to enter into an Enterprise Zone Agreement on behalf of the City with HUB Investment I LLC (and, referred to as the "Enterprise"). The Ohio Enterprise Zone Law Section 5709.62(C) of the Ohio Revised Code authorizes the City to enter into a Council-approved tax abatement agreement between the City and qualifying companies.

The Enterprise is affiliated with Neyer Properties, Inc. ("Neyer Properties") and is representative of both Neyer Properties and Interstate Battery System of America, Inc. ("Interstate Batteries").

Neyer Properties is a family company that focuses on transforming the commercial real estate landscape of communities with a dedication to building real estate value. Established in 1995, Neyer Properties has developed more than 3,500 acres of land throughout Ohio, Kentucky, and Indiana totaling over \$2 billion in value. Neyer Properties provides commercial real estate solutions in development, redevelopment, asset management, leasing, design, acquisitions, investment, finance, and sustainability.

Founded in 1952, Interstate Batteries has been the technicians' choice for nine years and counting. The company began when John Searcy started shipping batteries to accounts in Texas, Louisiana, and Mississippi. Now, Interstate Batteries is powered by a distributor network of 300 wholesale warehouses with 150,000 dealers around the world. Interstate Batteries currently has 200 "All Battery Center" franchise stores.

HUB Investment I LLC is proposing to invest a total project cost of approximately \$14,000,000.00 in real property improvements to construct a 151,250 square-foot build-to-suit Class A warehousing and distribution facility for Interstate Batteries, one of three eventual buildings in the development. This facility will become a regional fulfillment center for retailers of Interstate Batteries. Additionally, the Enterprise is proposing to create eighteen (18) net new full time equivalent positions with an associated annual payroll of approximately \$1,088,605.00 at 5225 Scarborough Boulevard, Columbus, Ohio 43232, parcel number 010-298448 (the "**Project Site**").

The Director of the Department of Development is recommending Columbus City Council approve a 75%/10-year Enterprise Zone tax abatement on real property improvements made by the Enterprise at the **Project Site**, in consideration of creating the New Employees.

The Columbus City School District has been advised of this project.

This legislation is presented as 30-day legislation.

FISCAL IMPACT:

No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement with HUB Investment I LLC (the "Enterprise") for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of the Enterprise investing approximately \$14,000,000.00 in new construction and the creation of eighteen (18) net new full-time permanent positions with an estimated annual payroll of approximately

\$1,088,605.00 at the proposed Project Site.

WHEREAS, the Columbus City Council has established the Southeast Enterprise Zone pursuant to Section 5709.61 to 5709.632 of the Ohio Revised Code (“O.R.C.”) which has been certified by the Director of the Department of Development of the State of Ohio as required by the O.R.C.; and

WHEREAS, by City Council Ordinance No. 0428-03 passed March 31, 2003 the City designated the area the Southeast Enterprise Zone as an "MSA principal city non-distressed based jobs and enterprise zone" pursuant to Chapter 5709.61 (A) of the Ohio Revised Code and declared that incentives for business offered by such zones will enhance efforts to promote the viable and diverse economic activity necessary for rejuvenation of the zone; and

WHEREAS, effective August 26, 2003 the Director of Development of the State of Ohio determined that the aforementioned area designated in said Ordinance No. 428-03 contains the characteristics set forth in Section 5709.61(A) of the Ohio Revised Code, and certified said area (the “Columbus Southeast Enterprise Zone”) as an "MSA principal city non-distressed based jobs and enterprise zone" (limited authority) under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, HUB Investment I LLC (the “Enterprise”) is affiliated with Neyer Properties, Inc. (“Neyer Properties”) and is representative of both Neyer Properties and Interstate Battery System of America, Inc. (“Interstate Batteries”); and

WHEREAS, Neyer Properties is a family company that focuses on transforming the commercial real estate landscape of communities with a dedication to building real estate value. Established in 1995, Neyer Properties has developed more than 3,500 acres of land throughout Ohio, Kentucky, and Indiana totaling over \$2 billion in value. Neyer Properties provides commercial real estate solutions in development, redevelopment, asset management, leasing, design, acquisitions, investment, finance, and sustainability; and

WHEREAS, Interstate Batteries was founded in 1952 and has been the technicians’ choice for nine years and counting. The company began when John Searcy started shipping batteries to accounts in Texas, Louisiana, and Mississippi. Now, Interstate Batteries is powered by a distributor network of 300 wholesale warehouses with 150,000 dealers around the world. Interstate Batteries currently has 200 “All Battery Center” franchise stores; and

WHEREAS, the Enterprise has submitted a proposal ("Proposal") to invest approximately \$14,000,000.00 in real property improvements (the “**Project**”) to construct a new 151,250 square-foot build-to-suit Class A warehousing and distribution facility for Interstate Batteries, one of three eventual buildings in the development, at 5225 Scarborough Boulevard, Columbus, Ohio 43232, parcel number 010-298448 (the “**Project Site**”); and

WHEREAS, the Enterprise anticipates that the **Project** will create eighteen (18) net, new full-time permanent positions at the Facility with an associated estimated annual payroll of approximately \$1,088,605.00 (“New Employees”); and

WHEREAS, after reviewing and investigating the Proposal submitted by the Enterprise, the Director of the Department of Development believes that the Enterprise has demonstrated it is qualified by financial responsibility and business experience to create and preserve employment opportunities in the Columbus Enterprise Zone and improve the City's economic climate; and

WHEREAS, the Director of the Department of Development is recommending Columbus City Council approve a 10-year, 75% abatement on the assessed valuation of the **Project Site** due to construction of the Facility, to incentivize the Enterprise to construct a new warehousing and distribution facility in the City's far East corridor; and

WHEREAS, the City is encouraging this project because of plans to develop a vacant land into an income generating property in the Southeast corridor of the City of Columbus; and

WHEREAS, the Development Director has notified the Columbus City School District of the Project; and

WHEREAS, the City desires to enter into an agreement with the Enterprise in order to incentivize economic growth and create employment opportunities for its citizens, and for the preservation of public health, peace, property, and safety;
NOW, THEREFORE,

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

SECTION 1. That Columbus City Council, having reviewed the proposal, finds that the Enterprise is qualified by financial responsibility and business experience to create and preserve employment opportunities in the City of Columbus Enterprise Zone and improve the City's economic climate pursuant to Revised Code Section 5709.62(C).

SECTION 2. That City Council finds and determines (1) that the Enterprise will create, or cause to be created, the New Employee positions in the State and City; (2) that the Project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) that receiving the aforementioned tax abatement is a critical factor in the decision by representatives for HUB Investment I LLC, the Enterprise hereunder, to go forward with constructing the Project.

SECTION 3. That, based on this determination, Columbus City Council approves and authorizes a 10-year, 75% abatement on the increase in assessed valuation of real property on the **Project Site**, contingent upon the Enterprise investing approximately \$14,000,000.00 in real property improvements to construct a new 151,250 square-foot build-to-suit Class A warehousing and distribution facility at 5225 Scarborough Boulevard, Columbus, Ohio 43232, parcel number 010-298448, and the creation of eighteen (18) net, new full-time permanent positions at the **Project Site** with an estimated annual payroll of approximately \$1,088,605.00.

SECTION 4. That, contingent on the sale and recorded transfer of ownership, the Director of the Department of Development, for and in the name of the City, is authorized to enter into an Enterprise Zone Agreement with the Enterprise with such changes, amendments or edits thereto, that are not inconsistent with the terms of this Ordinance, or adverse to the City. Such authorized amendment includes assignment of the Agreement from the Enterprise to a Related Member as defined in R.C. Section 5709.61(W), or to a Successor Enterprise as defined by R.C. Section 5709.61(Y). The Director of the Department of Development also is authorize to execute any other agreements, or sign any documents necessary to effectuate the Agreement and the Exemption provided therein, and approved as to Form by the City Attorney, if required.

SECTION 5. That the City and the Enterprise must execute the attached Enterprise Zone Agreement within one-hundred twenty (120) days of this Ordinance's passage, or this Ordinance, and the authorization to enter into the tax abatement agreement, is null and void.

SECTION 6. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.