



City of Columbus

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Legislation Text

File #: 1735-2005, **Version:** 2

BACKGROUND: This legislation authorizes the Director of Development to amend the City's Enterprise Zone Agreement (EZA) with Safety Today, Inc. ("Safety Today") and Meritex Columbus, LLC ("Meritex"). The EZA was authorized by City Council in 2001 and was signed in 2002 by the anchor tenant, Safety Today, and the original owner of the real property, Spiegel Drive LLC. In October of 2004, Spiegel Drive LLC sold the real property to Meritex and the latter replaced Spiegel Drive LLC as a party to the EZA. The EZA granted a tax abatement of 60%/7-yrs (2002-2008) on real and personal property and called for the investment of \$4.8 million to construct a new facility and \$1.55 million to acquire new personal property. As of December 2004, the investment in real and personal property was somewhat short of the goal. Safety Today agreed to retain 43 existing jobs and to create 23 new jobs and the property owner agreed to lease the speculative space in the facility to a tenant that would create 25 new jobs. Altogether, the project was supposed to create 48 new jobs by April 2004, but as of December 2004 zero (0) new jobs had been created and Safety Today had retained 37 jobs. By April 2005, Meritex had secured a tenant that had created 4 jobs as of July 2005 and is expected to create approximately 15 new jobs in total. The Columbus Tax Incentive Review Council (the "TIRC") recommended on August 16, 2005, to amend the EZA to reduce the job creation requirement to a total of 15 jobs and to reduce the length of the tax abatement by one (1) year.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development amend the Enterprise Zone Agreement with Safety Today, Inc. and Meritex Columbus, LLC by reducing the job creation to fifteen (15) jobs 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 Safety Today, Inc. ("Safety Today") and Spiegel Drive, LLC ("Spiegel Drive") on March 19, 2001 by Ordinance No. 435-01, as amended by Ordinance No. 1444-01 on September 17, 2001; and

WHEREAS, the City entered into the Enterprise Zone Agreement with Safety Today and Spiegel Drive effective January 1, 2002 (the "EZA"), in which the City granted a 60%/7-year (2002-2008) abatement on real property improvements and new personal property; and

WHEREAS, Safety Today and Spiegel Drive agreed to invest \$4.8 million to construct a new facility and \$1.55 million to acquire new personal property and as of December 2004 the investment was somewhat short, with approximately \$4.4 million reported to have been invested in real property improvements and approximately \$600,000 invested in personal property; and

WHEREAS, Safety Today agreed to retain 43 existing jobs and to create 23 new jobs and Spiegel Drive agreed to secure a tenant for the facility's speculative space that would create 25 new jobs (48 new jobs in total), with the job creation to be attained by the end of December 2004; and

WHEREAS, as of December 31, 2004, Safety Today had retained only 37 jobs, the speculative space in the facility did not have a tenant, and the project as a whole had created zero (0) jobs; and

WHEREAS, Meritex Columbus, LLC ("Meritex") purchased the real property in October 2004 and the City consented to the transfer of Spiegel Drive's interest in the EZA to Meritex by Ordinance No. 2190-2004 passed on December 15, 2004; and

WHEREAS, by April 2005, Meritex had secured Kuhmo Tires USA as a tenant for the facility's speculative space and Kuhmo anticipates that creating up to 15 jobs and Safety Today also hopes to add some jobs in the next several years; and

WHEREAS, it is believed to be feasible that Safety Today and Kuhmo Tires together will be able to create at least 15 new jobs in addition to the 43 jobs that Safety Today is expected to retain; and

WHEREAS, the Columbus Tax Incentive Review Council (the "TIRC") on August 16, 2005 recommended to amend the EZA to reduce the job creation requirement to a total of 15 jobs (from 48 jobs) and to reduce the length of the tax abatement by one (1) year, *i.e.*, making 2007 the final year of abatement; and

WHEREAS, the City desires to amend the EZA following the TIRC's recommendations; **now, therefore 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 Safety Today, Inc. and Meritex Columbus, LLC to reduce the job creation requirement to 15 jobs (from 48 jobs) and to reduce the length of the tax abatement by one (1) year to make 2007 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.~~ **That this ordinance shall take effect and be in force from and after the earliest period allowed by law.**