



City of Columbus

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90 West Broad Street
Columbus OH 43215-9015
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Legislation Text

File #: 2614-2023, **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 G & J Pepsi-Cola Bottlers, Inc. ("G&J Pepsi", and also 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 agreements between the City and qualifying companies.

In 1925, the owner of the Grand Pop Bottling Company in Cincinnati decided to put the company on the market. Nell and Walter Gross and Esther and Isaac Jarson decided to purchase the company and become equal partners. In 1935, a representative of the Pepsi-Cola Bottling Company called upon the Grosses and Jarsons after having been turned down by several other beverage companies and offered them a Pepsi franchise. Walter and Isaac agreed to try it and put several barrels of concentrates under some steps in the old plant. They did not produce the Pepsi product for several months, but when they did, it began to sell fairly well. Today, G&J Pepsi is a privately owned company comprised of seven franchises, which distribute Pepsi-Cola brand products in Athens, Columbus, Hamilton, Portsmouth, Ripley and Zanesville, Ohio and Lexington, Kentucky. G&J Pepsi is the largest family owned and operated Pepsi franchise bottler. Headquartered in Cincinnati, Ohio, the company operates distribution centers in Chillicothe, and Hillsboro, Ohio as well as Winchester and Harrodsburg, Kentucky. In 2015, G&J Pepsi established a new production line in Columbus to manufacture its own plastic bottles for use in its soft drink bottling operation. The company distributes Pepsi brand products as well as packages under Lipton, Ocean Spray, Starbucks, and SoBe labels as well as Cadbury (Dr. Pepper) beverages. The entire G&J Franchise employs over 1,600 employees and has over 300 beverage routes.

G&J Pepsi is proposing to invest a total project cost of approximately \$25,525,000.00, which includes \$18,125,000.00 in new construction cost, \$1,500,000.00 in improvements to its existing facilities, \$4,450,000.00 in machinery and equipment, and \$1,450,000.00 in furniture and fixtures to expand its bottling operation. The proposed expansion will occur in three different phases. The first phase, the Blow Mold Self Injection phase, will allow the company to create their own bottle preforms, which are used to blowmold bottles. This will require a building modification of approximately 4,800 sq.-ft. of the company's current facility. The second phase, Office Expansion, consists of the expansion of approximately 25,000 sq.-ft. of the company's existing offices. In the third phase, G&J Pepsi proposes to construct a new 77,400 sq.-ft. Warehouse and distribution facility. These proposed expansions and improvements will support company growth at G&J Pepsi and will help expedite the bottling preform process and maintain operations under G&J Pepsi. Additionally, G&J Pepsi will retain 546 full-time jobs with an annual payroll of approximately \$27,588,250.00 and create forty-four (44) net new full-time permanent positions with an estimated annual payroll of \$2,232,000.00. All real property improvements, job retention and creation will occur at 1241 Gibbard Avenue, Columbus, Ohio 43219, parcel number 010-057636 (the "**Project Site**").

The Director of the Department of Development is recommending that 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 G & J Pepsi-Cola Bottlers, Inc. (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 \$18,000,000.00 in real property improvements, the creation of forty-four (44) net new full-time permanent positions with an estimated annual payroll of approximately \$2,200,000.00 and the retention of 546 full-time permanent positions with an annual payroll of approximately \$27,550,000.00 at the proposed Project Site.

WHEREAS, the Columbus City Council authorized the designation of the City of Columbus Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2690-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; 0032-2012 in 2012; 1442-2020 in 2020, 0279-2021 in 2021; and 0736-2022 in 2022; and

WHEREAS, the Director of the Development Department of the State of Ohio ("ODOD") has determined that the Columbus Enterprise Zone (the "Zone"), as amended by the aforementioned Ordinances, continues to contain the characteristics set forth in Section 5709.61(A) of the Ohio Revised Code. The Director of ODOD has recertified this Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999, September 25, 2000, January 27, 2003, August 19, 2003, April 3, 2012, September 18, 2020, May 20, 2021, and most recently on May 17, 2022 as an "urban jobs and enterprise zone" under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, Nell and Walter Gross and Esther and Isaac Jarson established G & J Pepsi-Cola Bottlers, Inc. ("G&J Pepsi") in 1925 when they decided to purchase Grand Pop Bottling Company in Cincinnati, Ohio, which they became equal partners. In 1935, a representative of the Pepsi-Cola Bottling Company called upon the Grosses and Jarsons after having been turned down by several other beverage companies and offered them a Pepsi franchise. Walter and Isaac agreed to try it and put several barrels of concentrates under some steps in the old plant. They did not produce the Pepsi product for several months, but when they did, it began to sell fairly well; and

WHEREAS, today, G&J Pepsi is a privately owned company comprised of seven franchises, which distribute Pepsi-Cola brand products in Athens, Columbus, Hamilton, Portsmouth, Ripley and Zanesville, Ohio and Lexington, Kentucky. G&J Pepsi is the largest family owned and operated Pepsi franchise bottler. Headquartered in Cincinnati, Ohio, the company operates distribution centers in Chillicothe, and Hillsboro, Ohio as well as Winchester and Harrodsburg, Kentucky. In 2015, G&J Pepsi established a new production line in Columbus to manufacture its own plastic bottles for use in its soft drink bottling operation. The company distributes Pepsi brand products as well as packages under Lipton, Ocean Spray,

Starbucks, and SoBe labels as well as Cadbury (Dr. Pepper) beverages. The entire G&J Franchise employs over 1600 employees and has over 300 beverage routes; and

WHEREAS, the Enterprise has submitted a proposal ("Proposal") to invest approximately \$18,125,000.00 in real property improvements (the "Project") to construct a new 77,400 square-foot warehouse facility, along with a 25,000 square-foot office expansion and modifications to an existing facility consisting of approximately 4,800 square-feet for a Blow Mold Self Injection Phase (collectively, and hereinafter referred to as the "Facility") at 1241 Gibbard Avenue, on parcel number 010-057636 (the "**Project Site**"); and

WHEREAS, the Enterprise anticipates that the Project will retain 546 full-time jobs with an annual payroll of approximately \$27,558,250.00 and create forty-four (44) net, new full-time permanent positions at the Facility with an associated estimated annual payroll of approximately \$2,232,000.00 ("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 that 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 that City Council approve a 10-year, 75% abatement on the assessed valuation of the Project Site due to construction of the \$18,125,000.00 Facility, to incentivize the Enterprise to expand their existing manufacturing facility in the City's central corridor; and

WHEREAS, the Director of the Department of Development 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 G & J Pepsi-Cola Bottling, Inc., the Enterprise hereunder, to go forward with constructing the Project.

SECTION 3. That, based on this determination, 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 \$18,125,000.00 in real property improvements to construct a new 77,400 square-foot warehouse facility, expand its existing office space by an additional 25,000 square feet and modify a 4,800 square-foot Blow Mold Self Injection facility at 1241 Gibbard Avenue, parcel number 010-057636, the retention of 546 full-time positions with an annual payroll of approximately \$27,550,000.00, and the creation of forty-four (44) net, new full-time permanent positions at the **Project Site** with an estimated annual payroll of approximately \$2,232,000.00.

SECTION 4. That 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 Enterprise Zone Agreement within ninety (90) 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.