



Legislation Text

File #: 0098-2011, Version: 1

BACKGROUND: Columbus City Council, by Ordinance No. 1200-2008, passed July 14, 2008, authorized the Director of the Department of Development to enter into an Enterprise Zone Agreement (the EZA) with NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. (together Enterprises) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a \$85 million investment in real property improvements, a \$110 million investment in personal property, the retention of 1,974 jobs, and the creation of 810 permanent full-time jobs with the period commencing July 14, 2008 and terminating on that date three years after a final certificate of occupancy is issued related to an addition to an existing facility of approximately 415,000 square feet to be constructed on parcel numbers 520-164554, 520-164562, 520-164561, 010-260377, 010-254180, 010-254179, 010-283055, and 010-003380 at 4111 Bridgeway Avenue, Columbus, Ohio, 43219 and within the City of Columbus Enterprise Zone (Zone #023). The project was expected to begin on or before January, 2010 and construction was expected to be completed by February 2012. The Ordinance also authorized the Director of the Department of Development to enter into a 65%/15-year Job Creation Tax Credit (JCTC) Agreement with NetJets Inc., a 65%/15-year JCTC Agreement with FlightSafety International, Inc., a 35%/7-year Jobs Growth Incentive (JGI) Agreement with NetJets Inc., and a 35%/7-year JGI Agreement with FlightSafety International, Inc.

The EZA was made and entered into to be effective October 10, 2008 and was subsequently authorized by Council to be amended for the first time by Ordinance 0614-2009, passed on May 11, 2009, effective January 1, 2009 that eliminated any and all language from the Agreement that pertained to personal property investment.

The JCTC Agreement with NetJets Inc. was made and entered into to be effective October 8, 2008. The JGI Agreement with NetJets Inc. was made and entered into to be effective October 9, 2008. The JCTC and the JGI Agreements with FlightSafety International, Inc. were both made and entered into to be effective October 10, 2008.

Due to operational realignment and corporate strategy changes within NetJets Inc., its subsidiaries and affiliates, the scope of the project has been revised. No longer included in the project is the FlightSafety International, Inc. training facility or the new jobs to have been created by this facility. The overall job numbers related to the project have been reduced through restructuring and the realignment of the structural imbalance as a result of diminished business activity and the project instead will be the construction of a new NetJets Inc. corporate headquarters.

This legislation seeks to authorize amendment of the EZA to replace NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. as Enterprises with NetJets Inc., its subsidiaries and affiliates as the Enterprise and Bridgeway Partners LLC as owner; to amend the parcel numbers on which the project will be built, to amend the project from being an addition to an existing facility to the construction of a new facility, to amend the real property investment, to amend the job creation and retention requirements, and to amend the expected project commencement and completion timeframe. This legislation also seeks to dissolve the JCTC and JGI Agreements with NetJets Inc. and to dissolve the JCTC and JGI Agreements with FlightSafety International, Inc.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to dissolve the Job Creation Tax Credit and Jobs Growth Incentive Agreements with NetJets Inc.; to authorize the Director of the Department of Development to dissolve the Job Creation Tax Credit and Jobs Growth Incentive Agreements with FlightSafety International, Inc.; to authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. to adjust the terms and conditions of the agreement; and to declare an emergency.

WHEREAS, the Columbus City Council approved an Enterprise Zone Agreement with NetJets Inc., its subsidiaries and affiliates

and FlightSafety International, Inc. (the "EZA"), separate Job Creation Tax Credit (JCTC) Agreements with NetJets Inc. and FlightSafety International, Inc., and separate Jobs Growth Incentive (JGI) Agreements with NetJets Inc. and FlightSafety International, Inc., on July 14, 2008 by Ordinance No. 1200-2008; and

WHEREAS, the EZA grants NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. a 75%/10-Year abatement on real and personal property investment, entered into effective October 10, 2008; and

WHEREAS, the EZA requires NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. to invest \$85M in real property improvements, \$110M in personal property, retain 1,974 jobs, and create 810 new full-time jobs, at an addition to an existing facility at 4111 Bridgeway Avenue; and

WHEREAS, the EZA with NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. was subsequently authorized by Columbus City Council to be amended for the first time by Ordinance 0614-2009, passed on May 11, 2009, effective January 1, 2009 that eliminated any and all language from the EZA that pertained to personal property investment; and

WHEREAS, the JCTC Agreements with both NetJets Inc. and FlightSafety International, Inc. grant a non-refundable tax credit allowed against the tax imposed under Article 9, Chapter 361 of the Columbus City Codes (the "City Tax Credit") of sixty-five percent (65%) of the new income tax revenue received by the City for a taxable year from New Employees for a period of 15 years, with the NetJets Inc. Agreement entered into effective October 8, 2008 and the FlightSafety International Agreement entered into effective October 10, 2008; and

WHEREAS, the JGI Agreements with both NetJets Inc. and FlightSafety International, Inc. grant an incentive in an amount equal to 35% of the City of Columbus income tax withheld on the new Columbus Payroll of employees at the project site for a period of 7 years, with the NetJets Inc. Agreement entered into effective October 9, 2008 and the FlightSafety International, Inc. Agreement entered into effective October 10, 2008; and

WHEREAS, the NetJets Inc. JCTC and JGI Agreements commit to the investment of approximately \$73M, the retention of 1,865 full-time employees, and the creation of 735 new full-time positions at the project site; and

WHEREAS, the FlightSafety International, Inc. JCTC and JGI Agreements commit to the investment of approximately \$123M, the retention of 109 full-time positions, and the creation of 75 new full-time positions at the project site; and

WHEREAS, the project as previously envisioned has not yet been undertaken and the current parties to the various agreements are unable to do so; and

WHEREAS, there is a need to dissolve the JCTC and JGI Agreements with NetJets, Inc. and FlightSafety International, Inc. due to the change of the scope of the project; and

WHEREAS, there is a need to replace NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. as Enterprises in the EZA with NetJets Inc., its subsidiaries and affiliates as the Enterprise and Bridgeway Partners LLC as owner; and

WHEREAS, there is a need to revise the scope of the EZA project from an addition of an existing facility of approximately 415,000 square feet to be constructed on parcel numbers 520-164554, 520-164562, 520-164561, 010-260377, 010-254180, 010-254179, 010-283055, and 010-003380 at 4111 Bridgeway Avenue, Columbus, Ohio, 43219 to the construction of a new facility of approximately 140,000 square feet on all or part of parcel numbers 010-003380, 520-164554, 520-164562, and 520-164561 at 4151 Bridgeway Avenue in Columbus; and

WHEREAS, there is a need to revise the EZA investment in real property improvements from \$85,000,000 to \$15,000,000; and

WHEREAS, there is a need to revise the EZA job retention number from 1,974 jobs with a commensurate payroll of \$139,450,000 to a job retention number of 1,306 jobs with a commensurate payroll of \$100,323,720; and

WHEREAS, there is a need to revise the EZA job creation number from 810 permanent full-time jobs with a commensurate payroll of \$59,000,000 to 19 permanent full time jobs with a commensurate payroll of \$1,459,533; and

WHEREAS, there is a need to revise the EZA expected dates of project commencement and completion from construction being expected to begin on or before January 2010 and being expected to be completed by February 2012 to construction being expected to

begin during the first quarter of 2011 and being expected to be completed by May 2012; and

WHEREAS, the city desires to amend the EZA, dissolve the JCTC and JGI Agreements in order to foster economic growth, and to preserve the public health, property, safety and welfare; and

WHEREAS, an emergency exists in the usual daily operation of the City of Columbus, Department of Development in that it is immediately necessary to dissolve and amend said agreements, all for the preservation of public health, peace, prosperity 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 dissolve the Job Creation Tax Credit and Jobs Growth Incentive Agreements with NetJets Inc.

Section 2. That the Director of the Department of Development is hereby authorized to dissolve the Job Creation Tax Credit and Jobs Growth Incentive Agreements with FlightSafety International, Inc.

Section 3. That the Director of the Department of Development is hereby authorized to amend the NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. Enterprise Zone Agreement to replace NetJets Inc., its subsidiaries and affiliates and FlightSafety International, Inc. as Enterprises with NetJets Inc., its subsidiaries and affiliates as the Enterprise and Bridgeway Partners LLC as owner, to revise the scope of the project from the construction of approximately 415,000 square feet to be constructed on parcel numbers 520-164554, 520-164562, 520-164561, 010-260377, 010-254180, 010-254179, 010-283055, and 010-003380 at 4111 Bridgeway Avenue, Columbus, Ohio, 43219 to the construction of a new facility of approximately 140,000 square feet on all or part of parcel numbers 010-003380, 520-164554, 520-164562, and 520-164561 at 4151 Bridgeway Avenue in Columbus, to revise the investment in real property improvements from \$85,000,000 to \$15,000,000, to revise the job retention number from 1,974 jobs with a commensurate payroll of \$139,450,000 to a job retention number of 1,306 jobs with a commensurate payroll of \$100,323,720, to revise the job creation number from 810 permanent full-time jobs with a commensurate payroll of \$59,000,000 to 19 permanent full time jobs with a commensurate payroll of \$1,459,533, and to revise the expected dates of project commencement and completion from construction being expected to begin on or before January 2010 and being expected to be completed by February 2012 to construction being expected to begin during the first quarter of 2011 and being expected to be completed by May 2012.

Section 4. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this 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.