



City of Columbus

Office of City Clerk
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Legislation Text

File #: 1668-2012, **Version:** 1

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with MSC Industrial Direct Co., Inc., and its subsidiaries Sid Tool Co., Inc. and MSC Contract Management. The Ohio Enterprise Zone law O.R.C. Section 5709.62 (3) requires the City to enter into a Council-approved agreement between the City and participating companies.

MSC Industrial Direct Co., Inc. and its subsidiaries are one of the largest direct marketers and distributors in the United States. The company distributes its broad range of metalworking, maintenance, repair and operational supplies to industrial customers throughout the US. MSC Industrial Direct Co., Inc. employs one of the largest sales forces in the industry - distributing nearly 600,000 industrial products from approximately 3,000 suppliers to 325,000 customers. Customers are reached through a combination of 107 branch sales offices, 1,101 sales people, close to 18 million direct-mail catalogs, the Internet and numerous B2B eCommerce portals.

The project involves the new construction of a 400,000 square foot regional distribution center on Alkire Road for subsidiary Sid Tool Co., Inc. The company will invest \$55.5 million in new building construction, machinery, equipment, furniture and fixtures. A total of 300 permanent full-time positions will be created as a result of the project over a five year period. MSC Contract Management provides employee management services for the company operations.

The Department of Development recommends a 75%/10-year Enterprise Zone tax abatement on real property improvements. This proposal is consistent with the Columbus Tax Incentive Policy under Central City projects. The South-Western City School District has been advised of this project.

Emergency action is required to accommodate construction time schedules.

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 MSC Industrial Direct Co., Inc., and its subsidiaries Sid Tool Co., Inc. and MSC Contract Management for a tax abatement of seventy-five percent (75%) for a period of ten (10) years on real property improvements in consideration of a proposed total investment of \$55.5 million in new building construction, machinery, equipment, furniture and fixtures that will create a total of 300 permanent full-time positions over a five year period; and to declare an emergency.

WHEREAS, the Columbus City Council authorized the designation of the 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, 2609-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 225-03 in 2003; 0032-2012 in 2012; and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised Code and recertified said 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, and most recently on April 3, 2012 as an "urban jobs and enterprise zone" under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management proposes to construct a 400,000 square foot regional distribution center on Alkire Road for operation by Sid Tool Co., Inc.; and

WHEREAS, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management will make a total capital investment of \$55.5 million at the proposed site, with \$27.5 million toward building construction, \$26.7 million toward machinery and equipment, and \$1.3 million in furniture and fixtures; and

WHEREAS, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management will create 300 full-time permanent jobs with an annual payroll of \$8.3 million in five years; and

WHEREAS, the City is encouraging this project because of plans to redevelop urban commercial property in the central city; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to enter into an Enterprise Zone Agreement with MSC Industrial Direct Co., Inc., and its subsidiaries Sid Tool Co., Inc. and MSC Contract Management to accommodate construction time schedules, all 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 City hereby finds and determines that the project will (1) retain jobs in the State and City (2) 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) receiving the aforementioned tax abatement is a critical factor in the decision by MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management to go forward with the project expansion.

Section 2. That the City Council hereby finds and determines that the project meets all the requirements of the City Act.

Section 3. That the Director of Development is hereby authorized and directed to enter into and execute an Enterprise Zone Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management to provide therewith an exemption of seventy-five percent (75%) on real property improvements for a term of ten (10) taxable years in association with the project's proposed investment of approximately \$55.5 million, including \$27.5 million for building construction, \$26.7 million for machinery and equipment, and \$1.3 million for furniture and fixtures and the creation of 300 new permanent full-time positions with an annual payroll of approximately \$8.3 million.

Section 4. That the City of Columbus Enterprise Zone Agreement is signed by MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credits authorized herein are null and void.

Section 5. 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.