



## Legislation Text

**File #:** 1915-2021, **Version:** 1

**BACKGROUND:** Columbus City Council (“**COUNCIL**”), by Ordinance No. 3015-2017, passed December 4, 2017, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with 1086 North Fourth St. LS, LLC and Lykens Companies LLC (collectively, and hereinafter referred to as “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a proposed total capital investment of roughly \$5.45 million, which includes approximately \$4.75 in real property improvements and another \$300,000 in improvements for retail space, \$200,000 in machinery and equipment, \$200,000 in furniture and fixture to renovate and convert an old manufacturing facility (known as The Budd Dairy Building) consisting of approximately 40,451 sq. ft. into a new mixed-use Class A commercial office. The proposed mixed-use redevelopment contains approximately 35,000 sq. ft. +/- of new Class A office space, which will include an Entrepreneurial center and a co-working space, and approximately 5,451 sq. ft. +/- of retail space located at 1086 N. 4<sup>th</sup> Street, Columbus, Ohio 43201, parcel number 010-009127 (the “**PROJECT SITE**”).

The “**PROJECT**” related to the **AGREEMENT** consisted of the development of the 35,000 sq. ft. Class A office space as it related to the aforementioned project. The **ENTERPRISE** committed to invest approximately \$4.75 million of the proposed \$5.45 million in real property improvements, on the development of the commercial office space. Lykens Companies LLC committed to be one of the office tenants and employer of record, and enter into a lease agreement with 1086 North Fourth St. LS, LLC (“land owner”) to expand and relocate its corporate headquarters (HQ) from 1020 Dennison Avenue, Suite 102 Columbus, Ohio 43201 to the proposed **PROJECT SITE**. Additionally, Lykens Companies LLC committed to retain 10 full-time employees with an annual payroll of approximately \$410,000 and create 6 new full-time permanent positions with an estimated annual payroll of approximately \$180,000 at the **PROJECT SITE**. The **AGREEMENT** was made and entered into effective March 2, 2018 (Agreement #023-18-03) with this **PROJECT** expected to begin first quarter of 2018 with all real property improvements expected to be completed by January 2019, with the abatement to begin no later than 2020 nor extend beyond 2029.

In a letter received by the Department of Development on June 24, 2021, and through ensuing correspondence, it was requested that the **AGREEMENT** be amended. Due to a number of factors related to construction, the project was not completed within the timeframe per the **AGREEMENT**, thus the improvements have no taxable value until tax year 2021, per the County Auditor, and if not amended, the term of the abatement would only be effective for nine (9) years instead of the allowable ten-year exemption term. Therefore, the **ENTERPRISE** is requesting that the **AGREEMENT** be amended to revise the abatement term window.

Additionally, **COUNCIL**, by Ordinance No. 3221-2018, passed March 13, 2019, authorized the Director of Development to establish a fee schedule that supports the Department’s administrative and project costs associated with administering Department programs with one of those fees being an Amendment Fee.

This legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the first time to (1) revise the allowable abatement term window from no real property exemption shall commence after 2020 nor extend beyond 2029 to no real property exemption shall commence after 2021 nor extend beyond 2030, and (2) add language requiring an Amendment Fee for future **ENTERPRISE**-initiated Amendments.

This legislation is being presented as an emergency measure in order for this amendment to be legislated in as expedient a manner as possible so that this amendment to the **AGREEMENT** can be executed and ensure that **ENTERPRISE** receive any future tax savings from the approved tax abatement.

**FISCAL IMPACT:** No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with 1086 North Fourth St. LS, LLC and Lykens Companies LLC for the first time to (1) revise the allowable abatement term window from no real property exemption shall commence after 2020 nor extend beyond 2029 to no real property exemption shall commence after 2021 nor extend beyond 2030, and (2) add language requiring an Amendment Fee for future ENTERPRISE-initiated Amendments, and to declare an emergency.

**WHEREAS**, the City of Columbus (“**CITY**”) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with 1086 North Fourth St. LS, LLC and Lykens Companies LLC and was approved by Columbus City Council (“**COUNCIL**”) on December 4, 2017 by Ordinance No. 3015-2017 with this **AGREEMENT** made and entered into effective March 2, 2018; and

**WHEREAS**, the **AGREEMENT** granted a 75%/10-Year tax abatement on real property improvements; and

**WHEREAS**, the incentive was granted in consideration of a total capital investment of approximately \$5.45 million, which includes \$4.75 million in real property improvements and another \$300,000 in improvements for retail space, \$200,000 in machinery and equipment, \$200,000 in furniture and fixture to renovate and convert an old vacant manufacturing facility (known as The Budd Dairy Building) consisting of approximately 40,451 sq. ft. into a new mixed-use Class A commercial office. The proposed mixed-use redevelopment will contain approximately 35,000 sq. ft. +/- of new Class A office space, which will include an Entrepreneurial center and a co-working space, and approximately 5,451 sq. ft. +/- of retail space at 1086 N. 4<sup>th</sup> Street Columbus, Ohio 43201, parcel number 010-009127 (“**PROJECT SITE**”); and

**WHEREAS**, the “**PROJECT**” related to the **AGREEMENT** consist of the development of the 35,000 sq. ft. Class A commercial office space as it relates to the aforementioned project. The **ENTERPRISE** will invest approximately \$4.75 million of the proposed \$5.45 million in real property improvements, on the development of the commercial office space. Lykens Companies LLC will be one of the office tenants and employer of record, and enter into a lease agreement with 1086 North Fourth St. LS, LLC to expand and relocate its corporate headquarters (HQ) from 1020 Dennison Avenue to the proposed project site. Additionally, **ENTERPRISE** will retain 10 full-time employees with an annual payroll of approximately \$410,000 and create 6 new full-time permanent positions with an estimated annual payroll of approximately \$180,000, to preserve or create employment opportunities within the Columbus Enterprise Zone, (hereinafter referred to as the “**PROJECT**”) provided that the appropriate development incentives are available to support the economic viability of said **PROJECT**. The **AGREEMENT** was made and entered into effective March 2, 2018 (Agreement #023-18-03) with this **PROJECT** expected to begin first quarter of 2018 with all real property improvements expected to be completed by January 2019, with the abatement to begin no later than 2020 nor extend beyond 2029; and

**WHEREAS**, in a letter received by the Department of Development on June 24, 2021, and through ensuing correspondence, it was requested that the **AGREEMENT** be amended. Due to a number of factors related to construction, the project was not completed within the timeframe per the **AGREEMENT**, thus the improvements have no taxable value until tax year 2021, per the County Auditor, and if not amended, the term of the abatement would only be effective for nine (9) years instead of the allowable ten-year exemption term. Therefore, the **ENTERPRISE** is requesting that the **AGREEMENT** be amended to revise the abatement term window; and

**WHEREAS**, by Ordinance No. 3221-2018, passed by **COUNCIL** on March 13, 2019, authorized the Director of Development to establish a fee schedule that supports the Department’s administrative and project costs associated with administering Department programs with one of those fees being an Amendment Fee; and

**WHEREAS**, an amendment to the **AGREEMENT** is now needed to (1) revise the allowable abatement term window from no real property exemption shall commence after 2020 nor extend beyond 2029 to no real property exemption shall commence after 2021 nor extend beyond 2030, and (2) add language requiring an Amendment Fee for future **ENTERPRISE**-initiated Amendments; and

**WHEREAS**, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek a First Amendment to the **AGREEMENT** with 1086 North Fourth St. LS, LLC and Lykens Companies LLC for the purpose of (1) revising the allowable abatement term window from no real property exemption shall commence after 2020 nor extend beyond 2029 to no real property exemption shall commence after 2021 nor extend beyond 2030, and (2) add language requiring an Amendment Fee for future **ENTERPRISE**-initiated Amendments; thereby preserving the public health, peace, property 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 amend the Enterprise Zone Agreement with 1086 North Fourth St. LS, LLC and Lykens Companies LLC to revise the allowable abatement term window from "no real property exemption shall commence after 2020 nor extend beyond 2029" to "no real property exemption shall commence after 2021 nor extend beyond 2030."

**Section 2.** That the Director of Development is hereby authorized to amend the final paragraph of Section 6 (Program Compliance, modification provision paragraph) of the **AGREEMENT** to state that "Any request from the **ENTERPRISE** to modify any of the terms of this **AGREEMENT** must be received by the **CITY** at least 90 days prior to the expiration date of the **AGREEMENT** and shall require the payment to the **CITY** by the **ENTERPRISE** or any other potential Grantee and **AMENDMENT FEE** in the amount of five hundred dollars (\$500.00)."

**Section 3.** That this **FIRST AMENDMENT** to the City of Columbus Enterprise Zone Agreement be signed by 1086 North Fourth St. LS, LLC and Lykens Companies LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

**Section 4.** 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.