



Legislation Text

File #: 1657-2020, **Version:** 1

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 0489-2015, passed March 2, 2015, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. (the “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of the company’s total proposed investment of approximately \$1.5 million, which included approximately \$765,000 in real property improvements and \$735,000 in acquisition costs, machinery, equipment, furniture and fixtures. The **ENTERPRISE** committed to create three (3) new full-time permanent positions with an annual payroll of approximately \$85,280, and retain and relocate fifty-four (54) full-time jobs with annual payroll of approximately \$2.179 million related to the redevelopment of an old vacant commercial facility for the expansion and relocation of its corporate headquarters. The new HQ consists of approximately 23,000 square feet +/- of office space and a newly constructed wash bay facility consisting of approximately 2,500 square feet (the “**PROJECT**”), at 2137 Parkwood Avenue, Columbus, Ohio 43219, parcel numbers 010-099105 and 010-226069 (the “**PROJECT SITE**”), and within the City of Columbus Enterprise Zone. The **AGREEMENT** was made and entered into effective April 10, 2015.

The **AGREEMENT** was subsequently authorized by **COUNCIL** to be amended for the first time to amend the exemption window by Ordinance No. 1017-2017, passed on May 1, 2017, with this **First Amendment** to the **AGREEMENT** being made and entered into effective May 25, 2017. The abatement is currently running from 2017 through 2026.

In a letter received by the **CITY** on behalf of the **ENTERPRISE** dated February 6, 2020 and through ensuing correspondence, it was confirmed that 2137 Parkwood Avenue, LLC had acquired ownership of the **PROJECT SITE** from CSE Leasing dba Contract Sweepers and Equipment Company, Inc. on January 14, 2020. Additionally, SCA of OH, LLC will now be the tenant and employer of record while 2137 Parkwood Avenue, LLC will maintain ownership of the **PROJECT SITE**. Due diligence has been undertaken by the **CITY** in that 2137 Parkwood Avenue, LLC and SCA of OH, LLC has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted.

This legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the second time for Assignment & Assumption to remove CSE Leasing dba Contract Sweepers and Equipment Company, Inc. as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with 2137 Parkwood Avenue, LLC and SCA of OH, LLC (collectively, and hereinafter referred to as **ENTERPRISE**), and party to the **AGREEMENT**, whereby 2137 Parkwood Avenue, LLC and SCA of OH, LLC will assume the terms and commitments of the **AGREEMENT**.

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** might be fully executed with the current property owner, which will allow the **ENTERPRISE** to remain in compliance and receive any future tax savings from the proposed 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 CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., to remove CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., as **ENTERPRISE** and party to the **AGREEMENT** and to consent to the assignment and assumption of the **AGREEMENT** by 2137 Parkwood Avenue, LLC and SCA of OH, LLC (collectively, known as **ENTERPRISE**), and

party to the **AGREEMENT**; and to declare an emergency.

WHEREAS, the City of Columbus (“**CITY**”) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with CSE Leasing dba Contract Sweepers and Equipment Company, Inc. and was approved by Columbus City Council (“**COUNCIL**”) on March 2, 2015 by Ordinance No. 0489-2015 with this **AGREEMENT** made and entered into effective April 10, 2015; 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 \$1.5 million, which included approximately \$765,000 in real property improvements and \$735,000 in acquisition costs, machinery, equipment, furniture and fixtures. The **ENTERPRISE** committed to create three (3) new full-time permanent positions with an annual payroll of approximately \$85,280, and retain and relocate fifty-four (54) full-time jobs with annual payroll of approximately \$2.179 million related to the redevelopment of an old vacant commercial facility for the expansion and relocation of its corporate headquarters; and

WHEREAS, the new HQ consists of approximately 23,000 square feet +/- of office space and a newly constructed wash bay facility consisting of approximately 2,500 square feet (the “**PROJECT**”), at 2137 Parkwood Avenue, Columbus, Ohio 43219, parcel numbers 010-099105 and 010-226069 (the “**PROJECT SITE**”), and within the City of Columbus Enterprise Zone with the abatement to begin no later 2016 nor extend beyond 2025 will all real property improvements expected to be completed by December 2015; and

WHEREAS, the **AGREEMENT** was subsequently authorized by **COUNCIL** to be amended for the first time to amend the exemption window by Ordinance No. 1017-2017, passed on May 1, 2017, with this **First Amendment** to the **AGREEMENT** being made and entered into effective May 25, 2017. The abatement is currently running from 2017 through 2026.; and

WHEREAS, in a letter received by the **CITY** on behalf of the **ENTERPRISE** dated February 6, 2020 and through ensuing correspondence, it was confirmed that 2137 Parkwood Avenue, LLC had acquired ownership of the **PROJECT SITE** from CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., on January 14, 2020. Additionally, SCA of OH, LLC will be the tenant and employer of record while 2137 Parkwood Avenue, LLC will maintain ownership of the **PROJECT SITE**; and

WHEREAS, due diligence has been undertaken by the **CITY** in that 2137 Parkwood Avenue, LLC and SCA of OH, LLC has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted; and

WHEREAS, an amendment for Assignment and Assumption is needed to remove CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with 2137 Parkwood Avenue, LLC and SCA of OH, LLC (collectively, known as **ENTERPRISE**), and party to the **AGREEMENT**; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to amend the **AGREEMENT** with CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., for the purpose of removing CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., as **ENTERPRISE** and party to the **AGREEMENT** and consent to the assignment and assumption of the **AGREEMENT** by 2137 Parkwood Avenue, LLC and SCA of OH, LLC (collectively, known as **ENTERPRISE**), and party to the **AGREEMENT** in order to allow the abatements to continue, thereby preserving the public health, peace, property and safety.

NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS

Section 1. That the Director of the Department of Development is hereby authorized to amend the Enterprise Zone Agreement with CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., to remove CSE Leasing, dba Contract Sweepers and Equipment Company, Inc., as **ENTERPRISE** and party to the **AGREEMENT** and consent to the assignment and assumption of the **AGREEMENT** by 2137 Parkwood Avenue, LLC and SCA of OH, LLC, collectively, as **ENTERPRISE** and party to the **AGREEMENT**, whereby 2137 Parkwood Avenue, LLC and SCA of OH, LLC will assume the terms and commitments of the **AGREEMENT**.

Section 2. That this **SECOND AMENDMENT** for Assignment and Assumption to the City of Columbus Enterprise Zone Agreement be signed by 2137 Parkwood Avenue, LLC and SCA of OH, LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

Section 3. 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.