



Legislation Text

File #: 1726-2005, **Version:** 1

Background: The need exists to enter into an Enterprise Zone Agreement with Grange Mutual Casualty Company ("Grange"). Ohio Enterprise Zone law (O.R.C. Section 5709.62) requires the City to enter into a Council-approved agreement with a participating company.

Grange Mutual Casualty Company ("Grange") needs to expand its corporate and administrative facilities to handle planned growth of 800 people over the next 20 years. Grange is considering sites in Central Ohio, including a site at its corporate headquarters, 650 S. Front Street (the "Columbus Site"), and a site in Appleton, Wisconsin. The Columbus Site requires the Construction of a 1,000 space structured parking garage at a cost of between \$19,400,000 and \$22,700,000. Structured parking is not required at any other site. Consequently, the cost of building at the Columbus Site will be approximately \$20,000,000 higher than the other alternatives. In order to make the Columbus Site attractive, the City of Columbus ("Columbus") and the State of Ohio ("Ohio") need to provide appropriate economic development incentives.

The project (the "Project") will consist of: 1) a new approximately 200,000 square foot office building costing between \$39,100,000 and \$45,100,000; 2) a 1,000 car parking garage costing between \$19,400,000 and \$22,700,000; 3) the remodeling of the current office building costing between \$3,000,000 and \$4,000,000 and 4) the construction of \$3.5 million of infrastructure improvements.

The Project will permit Grange to assure the retention of 775 full-time and 36 part-time employees at its current location in the Brewery District. The retention of these employees results in \$60,414,000 of payroll annually. An additional 60 employees will be transferred from Gahanna to Columbus and produce \$3,481,000 in payroll annually. As stated in the company's Enterprise Zone application, during the 10-year incentive period the 262 new jobs created will average \$99,000 per annum including benefits. These new jobs will create approximately \$25,938,000 of additional payroll annually. Ultimately, over the next 20 years total new employment at the Columbus Site is estimated to be 800 with a \$50 million annual payroll.

The Columbus Department of Development is proposing a 10-year, 75% real property abatement under the City's Enterprise Zone Program to capture this project for Columbus.

This legislation is requested to be considered as an emergency in order to allow Grange to make its decision on where to locate its proposed project as quickly as possible.

FISCAL IMPACT: No funding is required for this legislation.

To authorize and direct the Director of the Department of Development to enter into an Enterprise Zone Agreement with Grange Mutual Casualty Company for a tax abatement of seventy-five percent (75%) for a period of ten (10) years on the increase in the assessed value of real property; and to declare an emergency.

WHEREAS, the City, by Ordinance No. 779-85 passed April 22, 1985 and amended 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, and 0225-03 in 2003, has designated the area specified in those ordinances as an "urban jobs and enterprise zone" pursuant to Ohio Revised Code ("R.C.") Chapter 5709 (the "Enterprise Zone") and declared that incentives for business offered by such zones will enhance efforts to promote the viable and diverse economic activity necessary for rejuvenation of the Enterprise

Zone; and

WHEREAS, effective August 19, 2003, the Director of Development of the State of Ohio determined that the Enterprise Zone contains the characteristics set forth in R.C. Section 5709.61(A)(1) and certified the Enterprise Zone as an "enterprise zone" under R.C. Chapter 5709; and

WHEREAS, the enterprise zone was created in accordance with R.C. Sections 5709.61 through 5709.69 (the "Enterprise Zone Act"); and

WHEREAS, the Enterprise Zone Act has authorized municipalities to execute agreements with certain enterprises for the purposes of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said Enterprise Zone in exchange for specified local tax incentives and granted by the City; and

WHEREAS, Grange Mutual Casualty Company (the "Company") desires to remodel its existing corporate headquarters at a cost of between \$3,000,000 and \$4,000,000, construct an additional office building of approximately 200,000 square feet at a cost of between \$39,100,000 and \$45,100,000 and to build a 1,000 space parking garage at a cost of between \$19,400,000 and \$22,700,000 (collectively, the "Project") on the project site (the "Project Site") described in the Enterprise Zone Agreement; and

WHEREAS, the Company has submitted an Enterprise Zone Agreement application to the City, a copy of which is attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, the Project is expected to enable the Company to create approximately 800 full-time, permanent job opportunities over the next 20 years with annual average compensation in today's dollars of approximately \$100,000 per annum, including benefits; and

WHEREAS, the Director of the Department of Development of the City (the "Director") has investigated the application and has recommended the Project to the Columbus City Council on the basis that the Company is qualified by financial responsibility and business experience to create and preserve employment opportunities in the enterprise zone and improve the economic climate of the City; and

WHEREAS, the Company is required to enter into a binding, formal agreement in order to obtain State of Ohio incentives; and

WHEREAS, the City desires to enter into such an agreement in order to foster economic growth; and

WHEREAS, the Columbus City School District Board of Education has received the required 14-day notice pursuant to Section 5709.83 of the Ohio Revised Code; 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 agreement with the Company for the preservation of public health, peace, property and safety, that preservation being related to the Company's lack of space and need to expand immediately to preserve existing job opportunities and to create new job opportunities; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. Council finds that the Company is qualified by financial responsibility and business experience to create and preserve employment opportunities in the Enterprise Zone and to improve the economic climate of the City.

Section 2. In consideration of the Company's commitment to develop the Project, the Director is hereby authorized to enter into an Ohio Enterprise Zone Agreement with the Company to provide therewith an exemption of seventy-five percent (75%) on the increase in assessed value of real property at the Project Site in Columbus for a period of ten (10) tax years, and the Director is authorized and directed to take any further actions and execute and deliver any further agreements, certificates or documents necessary to accomplish the granting of the aforementioned Ohio Enterprise Zone incentives.

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 passage if the Mayor neither approves nor vetoes the same.

