



City of Columbus

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Legislation Text

File #: 2094-2012, **Version:** 1

BACKGROUND: Columbus City Council (Council), by Ordinance 0639-2008, passed July 7, 2008, authorized the City of Columbus (City) to enter into an Enterprise Zone Agreement (the Agreement) with American Signature, Inc. and JAL Realty Co. (together "Enterprise") for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of an investment of up to \$3,200,000 in real property improvements, an investment of up to \$8,500,000 in personal property, and the retention of 178 existing full-time permanent positions related to the renovation of an existing distribution center facility located at 3080 Alum Creek Drive (The Project Site), parcel number 530-156597, in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Groveport Madison Local School District. The Agreement was made and entered into to be effective September 17, 2008 (EZA #023-08-03).

The Agreement was subsequently authorized by Council to be amended for the first time to remove any and all language pertaining to personal property investment and tax abatements related to this personal property investment from the Agreement by Ordinance 0614-2009, passed May 11, 2009, with this first amendment made and entered into effective January 1, 2009 and executed on January 30, 2012; and that this Agreement was subsequently authorized by Council to be amended for the second time to revise the job retention requirement as set forth in the Agreement from 178 to 126 jobs with a commensurate retained job payroll of \$5,400,000 by Ordinance 1989-2011, passed November 21, 2011, with this second amendment made and entered into effective January 1, 2011 and executed on January 30, 2012.

As per the annual report submitted for Report Year 2011, Enterprise reported 86 retained jobs with a payroll of \$4.3 million, sixty-eight percent (68%) and seventy-nine percent (79%) attainment respectively as per the Agreement. Additionally, the Franklin County Auditor reported that there is no abatable value due to the improvements made at the Project Site and that the overall value of parcel 530-156597 has decreased by \$2 million. City staff contacted Enterprise to discuss the situation and the possibility of dissolving the agreement and the response by Enterprise was that they would respond at a later date to the City. This information was presented at the 2012 Columbus Tax Incentive Review Council (the TIRC) and the recommendation of the TIRC was to dissolve the Agreement.

This legislation is presented as an emergency measure in order for this dissolution to be legislated prior to the end of 2012 so that this dissolution of the Agreement can be reported to the necessary local and state agencies prior to the end of calendar year 2012.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with American Signature, Inc. and JAL Realty Co.; to direct the Director of the Department of Development to notify as necessary the local and state tax authorities; and to declare an emergency.

WHEREAS, the Columbus City Council (Council) approved the Enterprise Zone Agreement with American Signature, Inc. and JAL Realty Co. (the "EZA") on July 7, 2008 by Ordinance 0639-2008 and entered into effective September 17, 2008; and

WHEREAS, the EZA granted American Signature, Inc. and JAL Realty Co. a 75%/10-Year abatement on real property improvements and personal property investment; and

WHEREAS, the EZA committed American Signature, Inc. and JAL Realty Co. to an investment of up to \$3,200,000 in

real property improvements, up to \$8,500,000 in personal property investment and the retention of 178 permanent full-time jobs related to the renovation of an existing distribution center facility located at 3080 Alum Creek Drive, in Columbus, Ohio and within the City of Columbus Enterprise Zone; and

WHEREAS, the EZA was subsequently authorized by Council to be amended for the first time by Ordinance No. 0614-2009, passed May 11, 2009, to eliminate any and all language from the EZA that pertained to personal property investment; and

WHEREAS, the EZA was subsequently authorized by Council to be amended for the second time by Ordinance 1989-2011, passed November 21, 2011, to revise the job retention requirement as set forth in the Agreement from 178 to 126 jobs with a commensurate retained job payroll of \$5,400,000; and

WHEREAS, in the annual report submitted for Report Year 2011, American Signature, Inc. and JAL Realty Co. reported 86 retained jobs with a payroll of \$4.3 million, sixty-eight percent (68%) and seventy-nine percent (79%) attainment respectively as per the EZA; and

WHEREAS, the Franklin County Auditor reported that there is no abatable value due to the improvements made at the Project Site and that the overall value of parcel 530-156597 has decreased by \$2 million; and

WHEREAS, City staff contacted Enterprise to discuss the situation and the possibility of dissolving the agreement and the response by Enterprise was that they would respond at a later date to the City; and

WHEREAS, this information was presented at the 2012 Columbus Tax Incentive Review Council (the TIRC) and the recommendation of the TIRC was to dissolve the Agreement; and

WHEREAS, the Department of Development concurs with the TIRC and recommends the EZA be dissolved; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to take action on this agreement in order for this dissolution to be legislated prior to the end of 2012 so that the dissolution of the EZA can be reported to the necessary local and state agencies prior to the end of calendar year 2012, all to preserve the public health, property, safety and welfare; **NOW, THEREFORE**,

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

Section 1. That Columbus City Council hereby dissolves the American Signature, Inc. and JAL Realty Co. Enterprise Zone Agreement (Agreement Number 023-08-03) which applies a 75%/10-year real property tax abatement to parcel number 530-156597 within the City of Columbus Enterprise Zone as of December 31, 2011, with 2011 being the final reporting year and the final year for any tax exemptions.

Section 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the American Signature, Inc. and JAL Realty Co. Enterprise Zone Agreement.

Section 3. For the reasons stated in the preamble hereto, which is made a part hereof, this Ordinance is 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 (10) days after passage if the Mayor neither approves nor vetoes this Ordinance.