



Legislation Text

File #: 2095-2012, **Version:** 1

BACKGROUND: Columbus City Council (Council), by Ordinance 0820-2010, passed June 7, 2010, authorized the City of Columbus (City) to enter into an Enterprise Zone Agreement (the Agreement) with Menard, Inc. (Enterprise) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of \$6.5 million in real property improvements and the creation of 80 new full-time permanent jobs with an associated payroll of \$2,550,000 related to the construction of a retail commercial facility of approximately 162,340 square feet on parcel number 010-286106 at 1819 Morse Road in Columbus, Ohio and within the City of Columbus Enterprise Zone. The Agreement was made and entered into to be effective July 8, 2010 (EZA# 023-10-06). This Agreement was subsequently authorized by Council to be amended for the first time to reduce the job creation commitment in the Agreement from 80 to 60 full-time employees by Ordinance No. 1773-2010, passed December 13, 2010, with this first amendment made and entered into effective January 12, 2011 and executed on February 11, 2011.

As part of the Annual Report for Report Year 2011, Menard, Inc. submitted job and payroll numbers which were as of December 31, 2011 out of compliance with the commitments of the Agreement. New jobs were reported at 52 and new job payroll was reported to be \$1.5 million. A mid-year follow-up was undertaken by City staff which indicated that mid-year full-time employment was 49. A letter was received by the City from Enterprise requesting that the new job commitment be revised from 60 to 49 and that the new job payroll commitment be revised from \$2.55 million to \$1.75 million.

The 2012 Columbus Tax Incentive Review Council (TIRC) reviewed the Menard, Inc. Enterprise Zone project on August 23, 2012, and recommended that the Agreement be continued and that the Agreement be amended to reduce the job creation commitment from 60 to 49 with a commensurate reduction in payroll. City staff recommended that this would be the final job and payroll reduction related amendment with which the TIRC agreed.

This legislation seeks to authorize amendment of the Agreement to amend the job creation commitment as set forth in the Agreement to maintain a new full-time permanent job level of 49 jobs with a commensurate new full-time permanent job payroll of \$1,750,000. It is anticipated that the Enterprise will be able to maintain good compliance in future years with the new full-time permanent job and payroll requirements. The terms of the tax abatement are not modified by this amendment and it is expected to run through 2020.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the end of 2012 so that this amendment to 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 authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with Menard, Inc.; and to declare an emergency.

WHEREAS, the Columbus City Council (Council) approved the Enterprise Zone Agreement with Menard, Inc. (the "EZA") on June 7, 2010 by Ordinance 0820-2010 and entered into effective July 8, 2010; and

WHEREAS, the EZA grants Menard, Inc. a 75%/10-Year abatement on real investment; and

WHEREAS, the EZA commits Menard, Inc. to invest \$6,500,000 in real property improvements and create 80 new permanent full-time jobs, related to the construction of a retail commercial facility at 1819 Morse Road; and

WHEREAS, the EZA was authorized by Council to be amended for the first time to reduce the job creation commitment in the Agreement from 80 to 60 full-time employees by Ordinance 1773-2010, passed December 13, 2010, with this first amendment made and entered into effective January 12, 2011 and executed on February 11, 2011; and

WHEREAS, the Tax Incentive Review Council (the "TIRC") met on August 23, 2012 and it was reported then that the project had met the real property investment goals of the EZA but that the goals for job creation and new job payroll had fallen short, with mid-year 2012 numbers reported to be 49 jobs created as compared to the job creation goal of 60; and

WHEREAS, the TIRC recommended that the EZA be continued and that the Agreement be amended to reduce the job creation commitment from 60 to 49 with a commensurate reduction in payroll and that City staff recommended that this would be the final job and payroll reduction related amendment with which the TIRC agreed.; and

WHEREAS, the City desires to amend the job creation and payroll requirements of the EZA; 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 amendment to be legislated prior to the end of 2012 so that this amendment to the Agreement 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 the Director of the Department of Development is hereby authorized to amend the Menard, Inc. Enterprise Zone Agreement (EZA) to amend the new full-time permanent job requirement as set forth in the EZA to the creation of 49 jobs with a commensurate new full-time permanent job payroll of \$1,750,000.00 and that this will be the final job and payroll reduction related amendment to this EZA.

Section 2. 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.