



Legislation Text

File #: 1640-2009, **Version:** 1

BACKGROUND: The 2009 Columbus Tax Incentive Review Council (TIRC) reviewed the Farber Specialty Vehicles Enterprise Zone project on August 19, 2009, and recommended that the City should consider dissolving the Enterprise Zone Agreement (EZA #392-06-01, hereinafter "AGREEMENT") between the City and Farber Specialty Vehicles, Inc. and its affiliate Farber Development I LLC (hereinafter "ENTERPRISE"). The City concurs with the recommendation of the TIRC.

Columbus City Council approved the AGREEMENT by Ordinance No. 0811-2006, adopted May 1, 2006. The AGREEMENT was entered into effective August 9, 2006 and granted a 65%/7-Year abatement on real property improvements with a commitment of \$2.5 million in real property improvements, \$350K in personal property investment, the creation of 20 new permanent full-time jobs with payroll of \$582,400, and the retention of 95 jobs related to the construction of a 40,000 square feet manufacturing facility on parcel number 540-166446 adjacent to their current facility located at 7052 Americana Parkway within the Columbus Southeast Enterprise Zone (Zone #392).

The project was expected to begin April 1, 2007; all real property improvements were expected to be completed by December 31, 2008 and all acquisition and installation of personal property were expected to be completed by December 31, 2010. Seven (7) of the new full-time jobs were to be created by the end of the first year the AGREEMENT was in effect (year end 2007), seven (7) more by year end 2008, and six (6) more by year end 2009. No real property tax exemption was to neither commence after 2009 nor extend beyond 2015.

As of the TIRC review on August 19, 2009, ENTERPRISE reported that 95 jobs had been retained (100% attainment) but that job creation was low with 7 jobs having been created (50% attainment for the period and 35% attainment overall). As of December 31, 2008 the real property improvements and personal property investment had been reported as not having begun. Additionally as per a site visit by city staff in July 2009, ENTERPRISE had not yet begun real property improvements nor were these improvements foreseen to began and be completed by year end 2009. The TIRC found ENTERPRISE to be out of compliance with the real property investment window and as of the date of the TIRC, it was evident that compliance with both the investment and exemption windows would not be possible.

The TIRC recommended that a letter be sent to ENTERPRISE requesting that an investment decision be made within 30 days of receipt of the letter to be sent by certified mail. Should they agree to move forward (investment to be complete by 12/31/10), then the AGREEMENT would be continued and amended to reflect new investment and job creation windows. Should ENTERPRISE decide not to do so then the AGREEMENT was recommended to be dissolved. The 30-day window for response by ENTERPRISE was October 1, 2009. ENTERPRISE did not respond.

Should the EZA be dissolved, 2008 will have been the final tax year for the incentives and the City will not seek repayment of the exempted or credited taxes from prior years.

This legislation is presented as an emergency measure in order to meet the deadline under state law for City Council to vote on TIRC recommendations.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement between the City of Columbus and Farber Specialty Vehicles, Inc. and its affiliate Farber Development I LLC; 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, Columbus City Council approved an Enterprise Zone Agreement ("EZA") with Farber Specialty Vehicles, Inc. and its affiliate Farber Development I LLC ("ENTERPRISE") by Ordinance No. 0811-2006 on May 1, 2006; and

WHEREAS, the EZA grants Enterprise a 65%/ 7-Year abatement on real property improvements; and

WHEREAS, the EZA requires Enterprise to invest \$2,500,000 in real property improvements, \$350,000 in personal property, create 20 new full-time jobs, and retain 95 jobs at and adjacent to its current facility at 7052 Americana Parkway; and

WHEREAS, as per the review by the 2009 Columbus Tax Incentive Review Council (TIRC) on August 18, 2009, Enterprise had fulfilled the terms of the job retention requirements of their EZA but as of December 31, 2008 ENTERPRISE was low on job creation and no real or personal property investment had been reported as having begun; and

WHEREAS, the TIRC found ENTERPRISE to be in a state of non-compliance in that ENTERPRISE had missed the investment window and would miss the exemption window as per the AGREEMENT; and

WHEREAS, the TIRC recommended that a certified letter be sent to ENTERPRISE requesting that an investment decision be made within 30 days of receipt of the letter (October 1, 2009) and that should ENTERPRISE agree to move forward with the investment to be completed by December 31, 2010, then the AGREEMENT would be continued and amended to reflect new investment and job creation windows but should ENTERPRISE decide not to comply with the terms of the letter then the AGREEMENT was recommended to be dissolved; and

WHEREAS, as ENTERPRISE did not respond, the City concurs with the TIRC recommendation and desires to dissolve the EZA and end the tax abatement as of December 31, 2008; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to dissolve the Enterprise Zone Agreement with Farber Specialty Vehicles, Inc. and its affiliate Farber Development I LLC in order to meet the deadline under state law for City Council to vote on TIRC recommendations, all for the immediate preservation of the public health, peace, 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 Farber Specialty Vehicles, Inc. and its affiliate Farber Development I LLC Enterprise Zone Agreement as of December 31, 2008, with 2008 as the final tax year for the exemptions.

Section 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Farber Specialty Vehicles 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.