



Legislation Text

File #: 1540-2008, **Version:** 1

BACKGROUND: The 2008 Columbus Tax Incentive Review Council (TIRC) reviewed the Superior Production Partnership Enterprise Zone project on August 19, 2008, and recommended that the City should consider amending the Enterprise Zone Agreement (EZA) between the City and Superior Production Partnership (EZA# 023-03-09) to allow contract workers at the project site to be counted towards the full time job creation commitment set forth in the EZA.

Columbus City Council approved the EZA by Ordinance No. 1696-2003, adopted July 14, 2003. City Council approved the first amendment to the Superior Production Partnership (Enterprise) EZA on October 16, 2006 by Ordinance No. 1785-2006. As amended, the EZA grants a 60%/7-Year abatement on real property improvements and personal property investment with a commitment of \$2.22 million in real property improvements, \$1.654 million in personal property investment, the retention of 129 full-time jobs, and the creation of 24 new permanent full-time jobs related to the construction of an approximately 79,000 square foot facility located at 2301 Fairwood Avenue to accommodate the addition of a hood line (replacement hoods for the automotive aftermarket) to their operation within the Columbus Enterprise Zone.

Enterprise has satisfied the real and personal property investment goals but negative market conditions stemming from an offshore price fixing scheme coordinated by a number of foreign companies have hampered the ability of the Enterprise to meet their job creation and retention requirements. The job creation timeframe runs to the end of 2009 with a job creation goal at that time of 24 new permanent full-time jobs. As of December 2007, Enterprise had created 1 job, 7 jobs short of the interim end-of-2007 goal of 8 (13% attainment), and had retained 117 jobs, 12 jobs short of the retention goal of 129 (91% attainment), for an overall level of 118 jobs, 19 jobs short of the overall (interim) goal of 137 (86% attainment). Enterprise is currently engaged in a lawsuit regarding the alleged antitrust law violation. The litigation is currently in the pre-trial stage with damages alleged to be over \$8.5M. Market conditions have not improved and a planned reorganization has resulted in a reduction of 10 more employees as of June 2008. Enterprise has hired full-time contract employees to work alongside their regular full-time employees, allowing Enterprise to be productive through a fluid situation. Enterprise believes it would be irresponsible at this time to hire a large permanent workforce as they deal with the challenges of the price fixing situation. It should be noted that these contract employees are paid by Enterprise. Additionally, Enterprise controls decisions related to hours worked, and Enterprise controls the employee discipline. These contract employees are extended a similar benefit package as is available to the permanent workforce of the Enterprise. Enterprise expects to have 30 full-time contract employees working at the project site by the end of 2008 and 40 by the end of 2009. These contract employees are not currently being counted towards the EZA job commitments. It was recommended by the 2008 TIRC to amend the EZA to allow these contract employees to be counted so as to meet their job requirements set forth in the EZA. The present legislation will amend the EZA with realistic terms that will afford the project a good chance to be viewed as compliant in future reviews.

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 authorize the Director of the Department of Development to amend the Enterprise Zone Agreement (the "EZA") with Superior Production Partnership to allow the full time jobs being held by contract employees at the project site to be counted towards the full time job commitments of the EZA; and to declare an emergency.

WHEREAS, the Columbus City Council approved the EZA with Superior Production Partnership on July 14, 2003 by Ordinance No. 1696-2003 and approved the first amendment to the EZA with Superior Production Partnership on October 16, 2006 by Ordinance No. 1785-2006; and

WHEREAS, the EZA requires an investment of \$2.22 million in real property improvements, \$1.654 million in personal property investment, the retention of 129 full-time jobs, and the creation of 24 new permanent full-time permanent jobs; and

WHEREAS, the project has met the real and property investment goals but has not met the retained and new job levels required by the EZA; and

WHEREAS, the Tax Incentive Review Council (TIRC) met on August 19, 2008 and recommended that the City should consider allowing the full time contract employees to be counted towards the full time job commitments set forth in 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 the TIRC's recommendations to comply with the sixty (60) day deadline for City Council action imposed by imposed by R.C. Section 5709.85 all for the preservation of 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 Enterprise Zone Agreement with Superior Production Partnership to allow the full time jobs held by contract employees at the project site to be counted towards the full time job commitments of the agreement.

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.