



Legislation Details (With Text)

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On agenda: 6/18/2018 **Final action:** 6/20/2018

Title: To authorize the Director of Development to amend the Enterprise Zone Agreement with Pizzuti Short North Office LLC for the first time to: (1) revise the job creation number from 217 to 20; (2) revise the commensurate new job payroll amount from \$13,300,000.00 to \$1,225,000.00; and (3) add language providing that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
6/20/2018	1	CITY CLERK	Attest	
6/19/2018	1	ACTING MAYOR	Signed	
6/18/2018	1	COUNCIL PRESIDENT	Signed	
6/18/2018	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 1883-2012, passed September 24, 2012, as amended by Ordinance No. 0175-2013, passed January 28, 2013, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with Pizzuti Short North Office LLC (ENTERPRISE) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed \$20.6 million investment in real property improvements and the creation of 217 full-time jobs with an associated annual payroll of approximately \$13.3 million related to the construction of a speculative 60,000 square foot facility housing 55,000 square feet of Class A office space and 5,000 square feet of retail space and a public parking garage on parcel number 010-002258, part of parcel 010-052208, located along North High Street within the Short North District in Columbus Ohio and within the Columbus Enterprise Zone. The AGREEMENT was made and entered into effective April 5, 2013 (EZA #023-13-01) with the abatement currently effective from 2015-2024.

The job and payroll commitments of the ENTERPRISE as per the AGREEMENT are 217 new jobs to be created as a result of the project with a commensurate total annual payroll of \$13.3 million. City policy is to only incentivize full-time jobs that pay at least \$12 per hour.

For the past two reporting cycles, Report Year 2015 and Report Year 2016, due to the particular mix of tenants, the number of eligible jobs created as a result of the project were low - significantly below the commitments per the AGREEMENT.

The City reported to the Columbus Tax Incentive Review Council in 2017 the status of the Project and the TIRC found the AGREEMENT not to be in compliance but “recommended to continue, for City Staff to meet with the ENTERPRISE to determine if the employment and wage levels in the AGREEMENT are achievable and if not, then amend as needed to “right size” the project regarding jobs and payroll for current market conditions with those jobs being full-time that pay a minimum of \$12 per hour.”

COUNCIL, by Resolution 0338X-2017, passed December 11, 2017, accepted the written recommendations presented by the 2017 TIRC.

CITY staff complied with the TIRC recommendation and through communication with ENTERPRISE determined that twenty (20) would be the number of full-time employees being paid at least \$12 per hour having been created as a result of the project with a commensurate annual payroll of \$1,225,000.

This legislation is to authorize the Director of Development to amend the AGREEMENT for the first time to (1) revise the job creation number from 217 to 20; (2) to revise the commensurate new job payroll amount from \$13,300,000 to \$1,225,000; and (3) to add language to the AGREEMENT indicating that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment of the AGREEMENT.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the 2018 TIRC so that this amendment to the AGREEMENT can be reported to the necessary local and state agencies in a timely fashion and to ensure that ENTERPRISE remains in compliance with the terms of the AGREEMENT.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend the Enterprise Zone Agreement with Pizzuti Short North Office LLC for the first time to: (1) revise the job creation number from 217 to 20; (2) revise the commensurate new job payroll amount from \$13,300,000.00 to \$1,225,000.00; and (3) add language providing that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment; and to declare an emergency.

WHEREAS, Columbus City Council (COUNCIL), by Ordinance No. 1883-2012, passed September 24, 2012, amended by Ordinance No. 0175-2013, passed January 28, 2013, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with Pizzuti Short North Office LLC (ENTERPRISE) with this AGREEMENT made and entered into effective April 5, 2013; and

WHEREAS, the AGREEMENT granted a 75%/10-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of a \$20.6 million investment in real property improvements and the creation of two hundred seventeen (217) new full-time permanent positions with an annual payroll of approximately \$13.3 million related to the construction of a speculative 60,000 square foot facility housing 55,000 square feet of Class A office space and 5,000 square feet of retail space and a public parking garage on parcel number 010-002258, part of parcel 010-052208, located along North High Street within the Short North District in Columbus Ohio and within the Columbus Enterprise Zone; and

WHEREAS, the job and payroll commitments of the ENTERPRISE as per the AGREEMENT are 217 new jobs to be created as a result of the project with a commensurate total annual payroll of \$13.3 million. City policy is to only incentivize full-time jobs that pay at least \$12 per hour; and

WHEREAS, for the past two reporting cycles, Report Year 2015 and Report Year 2016, due to the particular mix of tenants, the number of eligible jobs created as a result of the project were significantly below the commitments per the AGREEMENT; and

WHEREAS, the City reported to the Columbus Tax Incentive Review Council in 2017 the status of the Project and the TIRC found the AGREEMENT not to be in compliance but “recommended to continue, for City Staff to meet with the ENTERPRISE to determine if the employment and wage levels in the AGREEMENT are achievable and if not, then amend as needed to “right size” the project regarding jobs and payroll for current market conditions with those jobs being full-time that pay a minimum of \$12 per hour;” and

WHEREAS, COUNCIL, by Resolution 0338X-2017, passed December 11, 2017, accepted the written

recommendations presented by the 2017 TIRC; and

WHEREAS, CITY staff complied with the TIRC recommendation and through communication with ENTERPRISE determined that twenty (20) would be the number of full-time employees being paid at least \$12 per hour having been created as a result of the project with a commensurate annual payroll of \$1,225,000; and

WHEREAS, an amendment is needed to “right size” the project regarding jobs and payroll for current market conditions with those jobs being full-time that pay a minimum of \$12 per hour; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an amendment to the AGREEMENT with Pizzuti Short North Office LLC in order for this amendment to be legislated prior to the 2018 TIRC so that this amendment to the AGREEMENT can be reported to the necessary local and state agencies in a timely fashion and to ensure that OWNER remains in compliance with the terms of the AGREEMENT; **NOW, THEREFORE**,

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

SECTION 1. Following the recommendations set forth in Resolution 0338X-2017, passed December 11, 2017, that the Director of Development is hereby authorized to amend the Enterprise Zone Agreement with Pizzuti Short North Office LLC to (1) revise the job creation number from 217 to 20; (2) to revise the commensurate new job payroll amount from \$13,300,000 to \$1,225,000; and (3) to add language to the AGREEMENT indicating that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment of the AGREEMENT.

SECTION 2. That this FIRST AMENDMENT to the City of Columbus Enterprise Zone Agreement be signed by Pizzuti Short North Office LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

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 the passage if the Mayor neither approves nor vetoes the same.