



Legislation Details (With Text)

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Title: To dissolve the Enterprise Zone Agreement with SPARC Holding, LLC; and to declare an emergency.

Sponsors:

Indexes:

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Attachments:

Date	Ver.	Action By	Action	Result
6/27/2019	1	CITY CLERK	Attest	
6/26/2019	1	ACTING MAYOR	Signed	
6/24/2019	1	COUNCIL PRESIDENT	Signed	
6/24/2019	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 0761-2012, passed April 16, 2012, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with SPARC Holding, LLC (hereinafter “ENTERPRISE”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed investment of approximately \$12 million in real property improvements (the “PROJECT”) and the creation of 20 new full-time jobs with an annual payroll of approximately \$579,360 related to the construction of a new multi-purpose complex featuring a sports pavilion, automotive research center and track facility on Parcel Number 495-286329 at 1155 W. Mound Street, Columbus, OH 43223 (the Project Site), in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Columbus City School District. The AGREEMENT was made and entered into to be effective April 27, 2012 (EZA# 023-12-02); the PROJECT was expected to begin by September 2013; all real property improvements were expected to be completed by September 2018 with the term of the abatement not to commence after 2019 nor extend beyond 2028.

Based on a review of the annual report submitted for calendar year 2018 for the AGREEMENT, as of the end of calendar year 2018, the cumulative investment level in real property improvements achieved from the signing of the agreement was \$716,282 (this figure does not include the reported original purchase price of the property). With no significant investment in real property improvements having been made to-date and with the project being in a state of non-compliance with the terms of the AGREEMENT, the recommendation of the CITY is to dissolve the AGREEMENT effective December 31, 2018. ENTERPRISE was advised of the intent of the City to dissolve the AGREEMENT in a letter dated May 28, 2019 sent to ENTERPRISE via Certified Mail and received by ENTERPRISE on May 30, 2019. It should be noted that no application for the abatement has been filed (DTE-24) and ENTERPRISE has received no forgone tax benefit.

This legislation is presented as an emergency measure in order for this dissolution to be legislated in the most expedient manner as possible so that this dissolution of the AGREEMENT can be reported to the necessary local and state agencies prior to the 2019 Tax Incentive Review Council.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with SPARC Holding, LLC; and to declare an emergency.

WHEREAS, the Columbus City Council (COUNCIL) approved the Enterprise Zone Agreement with SPARC Holding, LLC (the AGREEMENT) on April 16, 2012 by Ordinance No. 0761-2012 and entered into effective April 27, 2012 (EZA# 023-12-02); and

WHEREAS, the AGREEMENT granted ENTERPRISE a 75%/10-Year abatement on real property improvements wherein ENTERPRISE committed to invest approximately \$12 million in real property improvements (the "PROJECT") and create 20 new full-time jobs with an annual payroll of approximately \$579,360 related to the construction of a new multi-purpose complex featuring a sports pavilion, automotive research center and track facility on Parcel Number 495-286329 at 1155 W. Mound Street, Columbus, OH 43223 (the Project Site), in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Columbus City School District; and

WHEREAS, the PROJECT was expected to begin by September 2013; all real property improvements were expected to be completed by September 2018 with the term of the abatement not to commence after 2019 nor extend beyond 2028; and

WHEREAS, based on a review of the annual report submitted for calendar year 2018 for the AGREEMENT, as of the end of calendar year 2018, the cumulative investment level in real property improvements achieved from the signing of the agreement was \$716,282 (this figure does not include the reported original purchase price of the property); and

WHEREAS, with no significant investment in real property improvements having been made to-date and with the project being in a state of non-compliance with the terms of the AGREEMENT, the recommendation of the CITY is to dissolve the AGREEMENT effective December 31, 2018; and.

WHEREAS, ENTERPRISE was advised of the intent of the City to dissolve the AGREEMENT in a letter dated May 28, 2019 sent to ENTERPRISE via Certified Mail and received by ENTERPRISE on May 30, 2019; and

WHEREAS, it should be noted that no DTE-24 has been submitted to the Franklin County Auditor for this project and so there has been no forgone tax benefit to the ENTERPRISE; 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 in the most expedient manner as possible so that this dissolution of the AGREEMENT can be reported to the necessary local and state agencies prior to the 2019 Tax Incentive Review Council, and 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 SPARC Holding, LLC Enterprise Zone Agreement (EZA# 023-12-02) as of December 31, 2018, which was to apply a 75%/10-year real property tax abatement to parcel number 495-286329 within the City of Columbus Enterprise Zone, noting that no application for the abatement has been filed and that no forgone tax benefit has been received.

SECTION 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the SPARC Holding, LLC 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.