



Legislation Text

File #: 0518-2017, **Version:** 1

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 1269-2013, passed June 17, 2013, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with Riverview Hotel, LLC (ENTERPRISE) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed \$13.37 million investment in real property improvements and the creation of 14 full-time jobs with an associated annual payroll of approximately \$502,000 related to the construction of a new 95,321 square foot hotel to be known as Hampton Inn & Suites University Area on parcel number 010-117361, located at 3160 Olentangy River Road in Columbus Ohio and within the Columbus North Enterprise Zone. The AGREEMENT was made and entered into effective August 12, 2013 (EZA #393-13-07) with the abatement currently effective from 2014-2023.

The job and payroll commitments of the ENTERPRISE as per the AGREEMENT are 14 new jobs to be created as a result of the project with a commensurate total annual payroll of \$502,000. The original application from 2013 indicated that all 14 new commitments were to be at \$12 per hour or higher. City policy is to only incentivize full-time jobs that pay at least \$12 per hour, so although the Report Year 2015 annual report submitted by ENTERPRISE contained seventy-nine (79) total employee records, after the part-time and sub-\$12 per hour jobs were removed from the analysis there remained only five (5) eligible employee records that met the requirements of the aforementioned City policy with a commensurate payroll of \$380,700, for a 36% and 24% attainment respectively.

The City reported to the 2016 TIRC on August 17, 2016 the status of the Project and the TIRC found the AGREEMENT not to be in compliance but “recommended to continue, for City Staff to contact and meet with the hotel operator and management to determine why the jobs as reported don’t coincide with the jobs from the application and fact sheet and to 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 0300X-2016, passed December 12, 2016, accepted the written recommendations presented by the 2016 TIRC.

CITY staff complied with the TIRC recommendation, communicating with ENTERPRISE and determined that five (5) 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 \$271,560.

This legislation is to authorize the Director of Development to amend the AGREEMENT for the second time to (1) revise the job creation number from 14 to 5; (2) to revise the commensurate new job payroll amount from \$502,000 to \$271,560; 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 end of the Report Year 2016 reporting cycle so that this amendment to the AGREEMENT can be reported to the necessary local and state agencies prior to the 2017 Tax Incentive Review Council 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 Riverview Hotel, LLC for the first time to (1) revise the job creation number from 14 to 5; (2) to revise the commensurate new job payroll amount from \$502,000.00 to \$271,560.00; 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; and to declare an emergency.

WHEREAS, the City of Columbus (CITY) entered into an Enterprise Zone Agreement (the “AGREEMENT”) with Riverview Hotel, LLC (ENTERPRISE), approved by Columbus City Council (COUNCIL) on June 17, 2013 by Ordinance No. 1269-2013 with this AGREEMENT made and entered into effective August 12, 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 \$13.37 million investment in real property improvements, and the creation of fourteen (14) new full-time permanent positions with an annual payroll of approximately \$502,000 related to the construction of a new 95,321 square foot hotel to be known as Hampton Inn & Suites University Area on parcel number 010-117361, located at 3160 Olentangy River Road in Columbus Ohio and within the Columbus North Enterprise Zone; and

WHEREAS, the job and payroll commitments of the ENTERPRISE as per the AGREEMENT are 14 new jobs to be created as a result of the project with a commensurate total annual payroll of \$502,000. The original application from 2013 indicated that all 14 new commitments were to be at \$12 per hour or higher. City policy is to only incentivize full-time jobs that pay at least \$12 per hour, so although the Report Year 2015 annual report submitted by ENTERPRISE contained seventy-nine (79) total employee records, after the part-time and sub-\$12 per hour jobs were removed from the analysis there remained only five (5) eligible employee records that met the requirements of the aforementioned City policy with a commensurate payroll of \$380,700, for a 36% and 24% attainment respectively; and

WHEREAS, the City reported to the 2016 TIRC on August 17, 2016 the status of the Project and the TIRC found the AGREEMENT not to be in compliance but “recommended to continue, for City Staff to contact and meet with the hotel operator and management to determine why the jobs as reported don’t coincide with the jobs from the application and fact sheet and to 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 0300X-2016, passed December 12, 2016, accepted the written recommendations presented by the 2016 TIRC; and

WHEREAS, CITY staff complied with the TIRC recommendation, communicating with ENTERPRISE a meeting and determined that five (5) 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 \$271,560; 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 Riverview Hotel, LLC to (1) revise the job creation number from 14 to 5; (2) to revise the commensurate new job payroll amount from \$502,000 to \$271,560; 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; thereby preserving the public health, peace, property and safety; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS:

SECTION 1. That following the recommendations set forth in Resolution 0300X-2016, passed December 12, 2016, that the Director of Development is hereby authorized to amend the Enterprise Zone Agreement with Riverview Hotel, LLC to (1) revise the job creation number from 14 to 5; (2) to revise the commensurate new job payroll amount from \$502,000 to \$271,560; 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 SECOND AMENDMENT to the City of Columbus Enterprise Zone Agreement be signed by Riverview Hotel, 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.