



## Legislation Text

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**File #:** 2936-2017, **Version:** 1

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**BACKGROUND:** Columbus City Council (COUNCIL), by Ordinance No. 2188-2014, passed October 20, 2014, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with McDaniel's Construction Corp., Inc. (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 \$1 million in real property improvements (the "PROJECT"), the retention of 15 existing full-time jobs and the creation of 2 new permanent full-time positions with an annual payroll of approximately \$90,000 related to the construction of a new headquarters totaling approximately 10,000 square feet on Parcel Number 010-019804 at 1069 Woodland Avenue, Columbus, OH 43219 (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 January 14, 2015; the PROJECT was expected to begin December 2014, all real property improvements were expected to be completed by July 2015 with the term of the abatement not to commence after 2016 nor extend beyond 2025.

For Report Year 2015, ENTERPRISE missed both the CITY and State of Ohio reporting deadlines which placed the project in a state of non-compliance as per the terms of the AGREEMENT. The ENTERPRISE submitted a partially complete annual report following the deadline. This information was presented at the 2016 Columbus Tax Incentive Review Council (the TIRC) held on August 17, 2016. The recommendation of the TIRC was to continue the AGREEMENT and meet with ENTERPRISE to (A) determine revised construction, abatement and job creation windows for the project and amend the AGREEMENT accordingly, or (B) if those parameters cannot be determined, dissolve the AGREEMENT. ENTERPRISE was non-responsive for requests to meet.

For Report Year 2016 ENTERPRISE did not provide an annual report to the CITY. This continued non-compliance was presented to the 2017 TIRC held on August 23, 2017. The project did not occur. The recommendation of the TIRC was to dissolve the AGREEMENT. It should be noted that no application for the abatement has been filed 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 end of calendar year 2017.

**FISCAL IMPACT:** No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with McDaniel's Construction Corp., Inc., and 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,** the Columbus City Council (COUNCIL) approved the Enterprise Zone Agreement with McDaniel's Construction Corp., Inc. (the AGREEMENT) on October 20, 2014 by Ordinance No. 2188-2014 and entered into effective January 14, 2015; and

**WHEREAS,** the AGREEMENT granted ENTERPRISE a 75%/10-Year abatement on real property improvements wherein ENTERPRISE committed to invest \$1 million in real property improvements (the "PROJECT"), retain 15 full-time jobs and create 2 new permanent full-time positions with an annual payroll of approximately \$90,000 related to the construction of a new headquarters totaling approximately 10,000 square feet on Parcel Number 010-019804 at 1069 Woodland Avenue, Columbus, OH 43219 (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 December 2014, all real property improvements were expected to be completed by July 2015 with the term of the abatement not to commence after 2016 nor extend beyond 2025; and

**WHEREAS,** for Report Year 2015, ENTERPRISE missed both the CITY and State of Ohio reporting deadlines which placed the project in a state of non-compliance as per the terms of the AGREEMENT; and

**WHEREAS,** the recommendation of the TIRC was to Continue the AGREEMENT and meet with ENTERPRISE to (A) determine revised construction, abatement and job creation windows for the project and amend the AGREEMENT accordingly, or (B) if those parameters cannot be determined, dissolve the AGREEMENT; ENTERPRISE was non-responsive; and

**WHEREAS,** for Report Year 2016 ENTERPRISE did not provide an annual report to the CITY; and

**WHEREAS,** the recommendation of the 2017 TIRC was to DISSOLVE the AGREEMENT; 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 end of calendar year 2017, 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 McDaniel's Construction Corp., Inc. Enterprise Zone Agreement as of December 31, 2016, which was to apply a 75%/10-year real property tax abatement to parcel number 010-019804 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 McDaniel's Construction Corp., Inc. 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.