



## Legislation Text

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**File #:** 2516-2018, **Version:** 1

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**BACKGROUND:** The need exists to enter into an Enterprise Zone Agreement with EX2 Investments LTD and Carr Supply Co. The Ohio Enterprise Zone law O.R.C. Section 5709.62(C) requires the City to enter into a Council-approved agreement between the City and participating companies.

EX2 Investments LTD is a real estate holding company owned by two brothers, Roger and Greg Essig. Greg Essig is the current President of Carr Supply Co. Carr Supply Co. was founded in 1917 by Charles E. Carr in a small shop located at 222 Third Street, Columbus, Ohio. The business, formally known as CE Carr, was a manufacturer and distributor of sheet metal, hardware and livestock water equipment. In 1974, Carr Supply Co. began distribution of HVAC supplies and equipment. Currently, Carr Supply Co. has 15 locations throughout Central Ohio with its corporate headquarters (HQ) and distribution facility located at 1415 Old Leonard Avenue, Columbus, Ohio 43219, another distribution facility in Erlanger, KY and four distribution facilities in Michigan (Livonia, Rochester, Taylor and Waterford).

EX2 Investments LTD and Carr Supply Co. are proposing to invest a total project cost of approximately \$2.7 million, which includes \$2.6 million in real property improvements, \$25,000 in machinery and equipment, and \$80,000 in furniture and fixtures to expand its corporate HQ and distribution facility on 1415 Old Leonard Avenue, Columbus, Ohio 43219, parcel number 010-231120. The current facility is approximately 117,000 square feet with plans to expand it another 30,000 square feet to accommodate the company's increased sales growth and to improve business efficiencies. EX2 Investments LTD will be the owner of the real estate while Carr Supply Co. will be the tenant and employer of record. Additionally, the company will retain 122 full-time jobs with an annual payroll of approximately \$7.08 million and create 15 net new full-time permanent positions with an estimated annual payroll of approximately \$521,456.

The Department of Development recommends 75%/10-year Enterprise Zone tax abatement on real property improvements.

The Columbus City School District has been advised of this project. This legislation is presented as 30-day legislation.

### **FISCAL IMPACT:**

No Funding is required for this legislation.

To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement with EX2 Investments LTD and Carr Supply Co. for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a total proposed capital investment of approximately \$2.7 million, the retention of 122 full-time jobs and the creation of 15 new full-time permanent positions with an estimated annual payroll of approximately \$521,456.00.

**WHEREAS,** the Columbus City Council authorized the designation of the Central Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2690-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; and 0032-2012 in 2012; and

**WHEREAS,** the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999,

September 25, 2000, January 27, 2003, August 19, 2003 and most recently on April 3, 2012 as an “urban jobs and enterprise zone” under Chapter 5709 of the Ohio Revised Code; and

**WHEREAS**, EX2 Investments LTD is a real estate holding company owned by two brothers, Roger and Greg Essig. Greg Essig is the current President of Carr Supply Co.; and

**WHEREAS**, Carr Supply Co. was founded in 1917 by Charles Carr in a small shop located at 222 Third Street, Columbus, Ohio. The business, formally known as CE Carr, was a manufacturer and distributor of sheet metal, hardware and livestock water equipment. In 1974, Carr Supply Co. began distribution of HVAC supplies and equipment; and

**WHEREAS**, Carr Supply Co. has 15 locations throughout Central Ohio with its corporate headquarters and distribution facility located at 1415 Old Leonard Avenue, Columbus, Ohio 43219, another distribution facility in Erlanger, KY and four distribution facilities in Michigan (Livonia, Rochester, Taylor and Waterford); and

**EAS**, EX2 Investments LTD and Carr Supply Co. are proposing to invest a total project cost of approximately \$2.7 million, which includes \$2.6 million in real property improvements, \$25,000 in machinery and equipment, and \$80,000 in furniture and fixtures to expand its’ corporate headquarters (HQ) and distribution facility at 1415 Old Leonard Avenue, Columbus, Ohio 43219, parcel number 010-231120; and

**WHEREAS**, the proposed expansion project will expand its corporate HQ and distribution facility from 117,000 square feet to approximately 147,000 square feet, adding approximately 30,000 additional square feet to improve its’ business efficiencies and to accommodate the company’s increased sales; and

**WHEREAS**, EX2 Investments LTD will be the owner of the real estate while Carr Supply Co. will be the tenant and employer of record, and enter into a lease agreement with EX2 Investment LTD at the proposed project site, retain 122 full-time positions with an estimated an annual payroll of approximately \$7.08 million and create 15 net new full-time permanent positions with an estimated annual payroll of approximately \$521,456; and

**EAS**, the City is encouraging this project because of plans to expand the company’s corporate HQ and distribution facility in the central city; and

**EAS**, the City desires to enter in such a binding formal agreement in order to foster economic growth for the preservation of public health, peace, property and safety; **NOW, THEREFORE:**

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

Section 1. That this Council hereby finds and determines that the enterprise submitting the proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the municipal corporation and receiving this tax incentive is a critical factor in the decision by EX2 Investments LTD and Carr Supply Co. to go forward with the project expansion.

Section 2. That the Director of the Department of Development is hereby authorized and directed to enter into an Enterprise Zone Agreement with EX2 Investments LTD and Carr Supply Co. to provide therewith an exemption of seventy-five percent (75%) on real property improvements for a term of ten (10) consecutive taxable years in association with the project’s proposed total investment of approximately \$2.7 million, which includes \$2.6 million in real property improvements, \$25,000 in machinery and equipment, and \$80,000 in furniture and fixtures. The company will retain 122 employees with an annual payroll of approximately \$7.08 million and create 15 net new full-time permanent positions with an estimated annual payroll of approximately \$521,456.

Section 3. That the City of Columbus Enterprise Zone Agreement is signed by EX2 Investments

LTD and Carr Supply Co. within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein are null and void.

Section 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.