



Legislation Text

File #: 2876-2018, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with CKE Management, LLC in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.

Founded in 2017, CKE Management, LLC was established to deliver unparalleled cookies, gifts, and experiences to corporate and retail customers. The founding team, led by Cheryl Krueger, has more than 50 years of experience in manufacturing and baked goods. The company will sell a variety of baked goods and gifts manufactured at the project site through select retail locations, online sales, and direct corporate sales.

CKE Management, LLC is proposing to invest approximately \$250,000 in real property improvements, \$500,000 in machinery and equipment, \$20,000 in furniture and fixtures, \$10,000 in technology, and \$2,000,000 in inventory to further establish and renovate its manufacturing and headquarters operation at 6845 Commerce Court Drive, Columbus, Ohio 43004, parcel number 010-229132. At this location, the company plans to renovate an approximately 30,182 sq. ft. facility into a food grade manufacturing facility and headquarters. Additionally, CKE Management, LLC will retain 12 full-time jobs with an annual payroll of approximately \$1,015,000 and create 20 new full-time permanent positions with a cumulative estimated annual payroll of approximately \$1,098,240 to support its growth.

CKE Management, LLC is requesting a dual-rate Jobs Growth Incentive from the City of Columbus to assist in the expansion 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 a dual-rate Jobs Growth Incentive Agreement with CKE Management, LLC for a term of up to five (5) consecutive years in consideration of the company's proposed capital investment of \$2,780,000.00, the retention of 12 jobs and the creation of 20 new full-time permanent positions with an estimated annual payroll of approximately \$1,085,000.00.

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the Department of Development received a completed Jobs Growth Incentive Application from CKE Management, LLC; and

WHEREAS, CKE Management, LLC proposes to establish a manufacturing and headquarters operation by investing a total project cost of approximately \$2,780,000 in real property improvements, machinery and equipment, furniture and fixtures, technology, and inventory. For this project, the company proposes to renovate an approximately 30,182 sq. ft. of manufacturing and office space at 6845 Commerce Court Drive, Columbus, Ohio 43004, parcel number 010-229132; and

WHEREAS, CKE Management, LLC will retain 12 full-time jobs with an annual payroll of approximately \$1,015,000 and create 20 new full-time permanent positions with an estimated associated annual payroll of approximately \$1,085,000 at the proposed project site; and

WHEREAS, CKE Management, LLC has indicated that a Jobs Growth Incentive is crucial to its decision to further

establish its manufacturing and headquarters operations within the City of Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of CKE Management, LLC at the project site by providing a Jobs Growth Incentive; and **NOW THEREFORE**,

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

- SECTION 1.** That the Director of the Department of Development is hereby authorized to enter into a dual-rate Jobs Growth Incentive Agreement with CKE Management, LLC equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.
- SECTION 2.** Should CKE Management, LLC not be able to sufficiently document residency for an employee associated with this project during a calendar year of the term of the agreement, the default rate of the Jobs Growth Incentive to be applied that calendar year for that new employee shall be twenty-five percent (25%).
- SECTION 3.** Each year of the term of the agreement with CKE Management, LLC the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payment and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.
- SECTION 4.** That the City of Columbus Jobs Growth Incentive Agreement is signed by CKE Management, LLC within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.
- SECTION 5.** The City Council hereby extends authority to the Director of the Department of Development to amend CKE Management, LLC's City of Columbus Jobs Growth Incentive Agreement for certain modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these modifications being specifically limited to reductions in length of term, methods of calculating the incentive, or adding or deleting business entities associated with the employment commitments related to this incentive. All other requested amendments must be approved by City Council.
- SECTION 6.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.