



Legislation Text

File #: 3118-2018, **Version:** 1

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with Ohio Power Company. The Ohio Enterprise Zone law (Section 5709.62(C) of the Ohio Revised Code) requires the City to enter into Council-approved agreements between the City and participating companies.

Ohio Power Company provides electric power to nearly 1.5 million customers in Ohio in almost 1,000 communities located in 61 of the state's 88 counties. Ohio Power Company's headquarters are in Gahanna, with regulatory and external affairs offices in downtown Columbus. Ohio Power Company is a subsidiary of American Electric Power and the largest of its regional utility divisions. American Electric Power (AEP), one of the largest electric utilities in the United States, delivers electricity to more than 5 million customers in 11 states and owns the nation's largest electricity transmission system. AEP's headquarters are in Columbus, Ohio. Ohio Power Company's transmission assets for the Columbus district are currently scattered across multiple sites, each lacking suitable space and workplace infrastructure. The project will include new structures and site improvements to create a purpose-built, co-located facility for Ohio Power Company - Transmission personnel and assets in this service district.

Ohio Power Company proposes to invest the total project cost of approximately \$22,724,000, which includes \$16,932,000 in real property improvements, \$1,292,000 in furniture, fixtures, and \$4,500,000 in acquisition costs, to construct a new transmission service center consisting of approximately 82,753 sq. ft. +/- at 380 Old Morrison Road, Columbus, Ohio 43213, parcel number 010-087871. The proposed transmission service center will include an approximately 64,213 sq. ft. +/- building housing offices, meeting space, workshops, warehouse storage, and vehicle storage and an approximately 18,450 sq. ft. +/- facility for vehicle maintenance and storage. Additionally, Ohio Power Company will retain 60 full-time employees with an annual payroll of approximately \$4,568,157 and create 4 new full-time permanent positions with an estimated annual payroll of approximately \$256,836.

The Department of Development recommends an Enterprise Zone tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years on real property improvements for the purpose of building a transmission service center complex of approximately 82,753 square feet +/- at 2380 Old Morrison Road, Columbus, Ohio 43213.

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 Ohio Power Company for a property tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a proposed total investment of approximately \$22,724,000.00, of which approximately \$16,932,000.00 will be related to the construction of an approximately 82,753 +/- square foot transmission service center complex, retention of 60 full-time jobs and the creation of 4 net new full-time permanent positions.

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 Code 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, Ohio Power Company is a locally headquartered business that provides electric power to nearly 1.5 million customers in Ohio in almost 1,000 communities located in 61 of the state's 88 counties; and

WHEREAS, Ohio Power Company is proposing to invest a total project cost of approximately \$22,724,000, which includes \$16,932,000 in real property improvements and another \$1,292,000 in furniture, fixtures, and \$4,500,000 in acquisition costs, to construct a new transmission service center complex consisting of approximately 82,753 sq. ft. +/- at 380 Old Morrison Road, Columbus, Ohio 43213, parcel number 010-087871.

WHEREAS, Ohio Power Company will be the employer of record and will retain 60 full-time employees with an annual payroll of approximately \$4,568,157 and create 4 new full-time permanent positions with an estimated annual payroll of approximately \$256,836; and

WHEREAS, representatives for Ohio Power Company have indicated that receiving this tax incentive from the City is crucial to their decision to advance the aforementioned construction in Columbus; and

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

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

SECTION 1. That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax abatement is a critical factor in the decision by representatives for Ohio Power Company to pursue a new transmission service center complex in the City of Columbus.

SECTION 2. That the Director of Development is hereby authorized and directed to enter into and execute an Enterprise Zone Agreement with Ohio Power Company 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 \$22,724,000, which includes \$16,932,000 in real property improvements related to construction of a new 82,753 square foot transmission service center complex, retention of 60 full-time positions and the creation of 4 net new full-time permanent positions with an associated new annual payroll of approximately \$256,836 at 380 Old Morrison Road, Columbus, Ohio 43213, parcel number 010-087871.

SECTION 3. That the City of Columbus Enterprise Zone Agreement shall be signed by Ohio Power Company within ninety (90) days of passage of this ordinance or this ordinance and the abatement authorized herein shall be null and void.

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