



Legislation Text

File #: 2293-2019, **Version:** 1

BACKGROUND: The City of Columbus (“CITY”) entered into a Job Creation Tax Credit Agreement (hereinafter “AGREEMENT”) with DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC & eTailDirect LLC (together “GRANTEE”) effective March 20, 2017. Columbus City Council (“COUNCIL”) approved the AGREEMENT by Ordinance Number 2912-2016, adopted December 5, 2016, and granted a non-refundable tax credit allowed against the tax imposed under Section 362.06, “Income Subject to Net Profit Tax” of the Columbus City Codes of fifty-five percent (55%) of the new income tax revenue received by the CITY for a calendar year from New Employees, commencing January 1, 2018 and for five (5) consecutive years thereafter (i.e., January 1, 2018 through December 31, 2022 for a 5-year credit) based on an investment of approximately \$3.6 million in building improvements on vacant commercial space consisting of approximately 82,000 square feet within a repurposed aircraft hangar at 4314 East Fifth Avenue, the retention of 840 new full-time jobs with an annual payroll of approximately \$71.32 million and the creation of 100 new full-time permanent positions with an estimated annual payroll of approximately \$8.32 million (the “PROJECT”) at 810 DSW Drive, 4150 and 4314 East Fifth Avenue, Columbus, Ohio 43219 (the “PROJECT SITE”).

In a letter from the GRANTEE received by the CITY on June 10, 2019, the GRANTEE requested that “the City of Columbus update the legal name on its Job Creation Tax Credit Agreement from DSW Inc. to Designer Brands Inc.” noting that “the name change was announced earlier this year as part of a major rebranding strategy” and that the “requested change is specific to the legal entity name of the company” and that “the affiliates listed on the agreement are current and do not require changes.”

Additionally, COUNCIL, by Ordinance No. 3221-2018, passed March 13, 2019, authorized the Director of Development to establish a fee schedule that supports the Department’s administrative and project costs associated with administering Department programs with one of those fees being an Amendment Fee.

This legislation is requested to be considered as an emergency in order to (i) update the legal name of DSW Inc. to Designer Brands Inc. as a corrected GRANTEE to the AGREEMENT and (ii) that language will be added to the agreement stating that any requested future amendment or modification to any of the terms of this AGREEMENT made to the CITY by the GRANTEE shall require the payment to the CITY by the GRANTEE of an AMENDMENT FEE in the amount of \$250 so that there will be no delay in processing the Job Creation Tax Credit for Report Year 2018 during the 2019 reporting cycle.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to (i) update the legal name of DSW Inc. to Designer Brands Inc. as a corrected Grantee to a Job Creation Tax Credit Agreement and (ii) that language will be added to the agreement stating that any requested future amendment or modification to any of the terms of this Agreement made to the City by the Grantee shall require the payment to the City by the Grantee of an amendment fee in the amount of \$250.00; and to declare an emergency.

WHEREAS, Columbus City Council approved a Job Creation Tax Credit Agreement (the “AGREEMENT”) with DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC & eTailDirect LLC (also referred to as the “GRANTEE”) by Ordinance Number 2912-2016 on December 5, 2016 with the AGREEMENT having been made and entered into effective March 20, 2017; and

WHEREAS, the AGREEMENT granted a non-refundable tax credit allowed against the tax imposed under Section 362.06, "Income Subject to Net Profit Tax" of the Columbus City Codes of fifty-five percent (55%) of the new income tax revenue received by the CITY for a calendar year from New Employees, commencing January 1, 2018 and for five (5) consecutive years thereafter (i.e., January 1, 2018 through December 31, 2022 for a 5-year credit); and

WHEREAS, in the AGREEMENT, GRANTEE committed to investing approximately \$3.6 million in building improvements on vacant commercial space consisting of approximately 82,000 square feet within a repurposed aircraft hangar at 4314 East Fifth Avenue, the retention of 840 new full-time jobs with an annual payroll of approximately \$71.32 million and the creation of 100 new full-time permanent positions with an estimated annual payroll of approximately \$8.32 million (the "PROJECT") at 810 DSW Drive, 4150 and 4314 East Fifth Avenue, Columbus, Ohio 43219 (the "PROJECT SITE"); and

WHEREAS, in a letter from the GRANTEE received by the CITY on June 10, 2019, the GRANTEE requested that "the City of Columbus update the legal name on its Job Creation Tax Credit Agreement from DSW Inc. to Designer Brands Inc." noting that "the name change was announced earlier this year as part of a major rebranding strategy" and that the "requested change is specific to the legal entity name of the company" and that "the affiliates listed on the agreement are current and do not require changes;" and

WHEREAS, Columbus City Council, by Ordinance No. 3221-2018, passed March 13, 2019, authorized the Director of Development to establish a fee schedule that supports the Department's administrative and project costs associated with administering Department programs with one of those fees being an Amendment Fee; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to seek an amendment to this Job Creation Tax Credit Agreement so that there will be no delay in processing the Job Creation Tax Credit for Report Year 2018 during the 2019 reporting cycle, thereby preserving the public health, peace, property and safety; **NOW, THEREFORE,**

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

SECTION 1. That the name of current GRANTEE DSW Inc. be revised to be Designer Brands Inc. as a GRANTEE to the AGREEMENT.

SECTION 2. That the entirety of the current Section 16 (VI) [Amendments or Modifications] of the AGREEMENT be removed and replaced with the following new Section 16 (VI):

Either party may at any time during the term of this AGREEMENT request amendments or modifications, but such changes or amendments shall not be effective until executed by the parties hereto. Requests for amendment or modification of this AGREEMENT shall be in writing and shall specify the requested changes and the justification of such changes. The parties shall review the request for modification in terms of the legislation, regulations and goals relating to the PROJECT. Should the parties consent to modification of the AGREEMENT, then an amendment shall be drawn, approved, and executed in the same manner as the original AGREEMENT. Such amendment shall not be effective until approved by formal action of the legislative authority of the CITY, and written amendment is signed. Any requested amendment or modification to any of the terms of this AGREEMENT made to the CITY by the GRANTEE shall require the payment to the CITY by the GRANTEE of an AMENDMENT FEE in the amount of \$250.

SECTION 3. That the amendment to the City of Columbus Job Creation Tax Credit Agreement be signed by Designer Brands Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC & eTailDirect LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

SECTION 4. 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.