



Legislation Text

File #: 1289-2020, Version: 1

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 1651-2019, passed July 22, 2019, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Montwards, LLC (hereinafter “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a proposed investment of approximately \$1.5 million in real property improvements (the “**PROJECT**”), and creation of four (4) net new full-time permanent positions with an annual payroll of approximately \$124,800 related to the renovation of an existing vacant distribution and warehouse facility consisting of approximately 260,000 square feet on Parcel Number 010-190006 located at 525 N. Nelson Road, 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 October 31, 2019 (EZA #023-19-11); the **PROJECT** was expected to begin December 2019, all real property improvements were expected to be completed by December 2021, with the term of the abatement not to commence after 2022 nor extend beyond 2031.

In a letter to the **CITY** dated April 30, 2020, **ENTERPRISE** indicated that the **PROJECT** as described in the **AGREEMENT** will no longer occur due to a change in the **ENTERPRISE**’s strategic development plans. With this strategic change, instead of two projects including new construction and a separate building renovation, the **ENTERPRISE** will still construct a new 300,000 square feet speculative distribution and warehouse facility with a corresponding parking surface to accommodate an anticipated large tenant under a separate agreement. With the **PROJECT** no longer moving forward as originally planned, there is a need to **DISSOLVE** this **AGREEMENT** between the **CITY** and **ENTERPRISE** related to the separate building renovation. It should be noted that no DTE-24 has been filed and **ENTERPRISE** has received no forgone tax benefit under the terms of the **AGREEMENT**.

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 this **AGREEMENT** can be reported to the necessary local and state agencies prior to the end of calendar year 2020.

FISCAL IMPACT:

No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with Montwards, LLC (“**ENTERPRISE**”), 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 Montwards, LLC (the “**AGREEMENT**”) on July 22, 2019, by Ordinance No. 1651-2019, made and entered into effective October 31, 2019 (EZA #023-19-11); and

WHEREAS, the **AGREEMENT** granted **ENTERPRISE** a 75%/10-Year abatement on real property improvements wherein **ENTERPRISE** committed to invest \$1.5 million in real property improvements (the “**PROJECT**”), and create four (4) net new full-time permanent positions with an annual payroll of approximately \$124,800 related to the renovation of an existing distribution and warehouse facility consisting of approximately 260,000 square feet on Parcel Number 010-190006 located at 525 N. Nelson Road, 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 2019, all real property improvements were expected to be

completed by December 2021, with the term of the abatement not to commence after 2022 nor extend beyond 2031; and

WHEREAS, in a letter to the **CITY** dated April 30, 2020, **ENTERPRISE** indicated that the **PROJECT** as described in the **AGREEMENT** will no longer occur due to a strategic change of the **ENTERPRISE's** development plans for the **PROJECT SITE**; and

WHEREAS, with the **PROJECT** no longer moving forward as originally planned there is a need to **DISSOLVE** this **AGREEMENT** related to the building renovation between the **CITY** and **ENTERPRISE**; and

WHEREAS, it should be noted that no DTE-24 has been filed and **ENTERPRISE** has received no forgone tax benefit under the terms of 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 2020, 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 Montwards, LLC Enterprise Zone Agreement (Agreement #023-19-11; authorized by Ordinance Number 1651-2019; adopted July 22, 2019; made and entered into October 31, 2019) to be effective January 1, 2020, thereby making 2019 the final reporting year for the Agreement and effectively eliminating any opportunity for a tax incentive under the terms of the Agreement.

SECTION 2. That the Director of the Department of Development is hereby directed to notify the necessary local and state agencies of any changes to the Montwards, LLC Enterprise Zone Agreement (Agreement #023-19-11).

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.