



Legislation Text

File #: 2315-2020, Version: 1

BACKGROUND: The need exists to amend Ordinance 0436-2020 approved by Columbus City Council on March 2, 2020, which authorized the Director of the Department of Development to enter into a City of Columbus Enterprise Zone Agreement (the “**AGREEMENT**”) with Andelyn Biosciences, Inc. (“**Andelyn**”). An amendment is now required to revise the 180-day period needed to execute the City of Columbus Enterprise Zone Agreement, to modify the projected new job creation goal, along with the associated annual payroll, to add a retention component to the **AGREEMENT** along with the associated annual payroll, and to add an additional entity to the City of Columbus Enterprise Zone.

Ordinance number 0436-2020 authorized the Director of the Department of Development to enter into an Enterprise Zone Agreement of one-hundred percent (100%) for a period of fifteen (15) consecutive years in consideration of the company’s proposed total capital investment of approximately \$74,000,000, which includes \$64,000,000 in real property improvements, \$7,000,000 in machinery and equipment, and \$3,000,000 in furniture and fixtures to construct a new manufacturing facility consisting of approximately 85,000 square feet on roughly 7.8 +/- acres of undeveloped land (the “**Project**”), located near the SW Corner of Lane Avenue and Carmack Road, Columbus, Ohio 43221 (the “**Project Site**”). Additionally, the company has committed to create 170 net new full-time permanent positions with an estimated annual payroll of approximately \$15,437,800 at the **Project Site**.

On September 1, 2020, the Department of Development received a written notification from **Andelyn** requesting the need to extend the window to execute the **AGREEMENT**. The company is in negotiations with a third party for a long-term lease agreement on the **Project Site** and needs additional time to finalize and execute that lease agreement. Additionally, **Andelyn** anticipates that many of the employees to be hired by **Andelyn** will be hired prior to the completion of the **Project**. Thus, while all of these jobs will be new to the City of Columbus and would not be hired but for the Project, under applicable law, employees who begin work prior to the completion of construction do not count as new employees. As a result, **Andelyn** is seeking to modify the job creation goal set-forth in Ordinance No. 0436-2020. The company has reconfigured the projected job creation growth from 170 net new full-time permanent positions with a annual payroll of approximately \$15,437,800 to 30 net new full-time permanent positions with an estimated annual payroll of approximately \$4,200,000, so that those employees hired or expected to be hired from the date of that ordinance would be “retained employees” and with those employees to be hired after certificate of occupancy of the **Project** would be “new employees.” Along with this requested job modification, **Andelyn** has committed to retain 205 full-time permanent positions with an annual payroll of approximately \$15,000,000 for a total combined annual payroll (retained and the proposed new jobs) of approximately \$19.2 million. Lastly, there is a need to add Nationwide Children’s Hospital (“**NCH**”) as an additional entity to the **AGREEMENT** as a limited party. **NCH** is the entity that will be providing all of the additional compensation in various forms to the Columbus City School District.

This legislation is requested to be considered as an emergency in order (i) to revise the 180-day period needed to execute the City of Columbus Enterprise Zone Agreement to 180 days after passage from this ordinance (ii) to reduce the projected new job growth from 170 net new full-time positions to 30 net new full-time positions with a new estimated annual payroll of approximately \$4,200,000 (iii) to add a job retention component of 205 retained employees with an associated annual payroll of approximately \$15,000,000, and (iv) to add Nationwide Children’s Hospital as an additional entity to the City of Columbus Enterprise Zone in order to allow **Andelyn** to begin investing and creating jobs as quickly as possible.

FISCAL IMPACT:

No funding is required for this legislation.

To amend Ordinance 0436-2020, passed by Columbus City Council on March 2, 2020, for the purposes of (i) revising the 180-day period needed to execute the City of Columbus Enterprise Zone Agreement with Andelyn Biosciences, Inc. (“Andelyn”) to 180 days after passage from this ordinance (ii) to reduce the projected job creation growth from 170 net new full-time positions to 30 net new full-time positions with a new associated annual payroll of approximately \$4,200,000 (iii) to add a job retention component of 205 retained employees with an associated annual payroll of approximately \$15,000,000 (iv) to add Nationwide Children’s Hospital as an additional entity to the City of Columbus Enterprise Zone Agreement; and to declare an emergency.

WHEREAS, the need exists to amend Ordinance No. 0436-2020, which was approved by Columbus City Council on March 2, 2020; and

WHEREAS, the ordinance authorized the Director of the Department of Development to enter into a City of Columbus Enterprise Zone Agreement (the “**AGREEMENT**”) with Andelyn Biosciences, Inc. (“**Andelyn**”) for a tax abatement of one-hundred percent (100%) for a period of fifteen (15) consecutive years in consideration of the company’s total capital investment of approximately 74,000,000, which includes \$64,000,000 in real property improvements, \$7,000,000 in machinery and equipment, and \$3,000,000 in furniture and fixtures to construct a new manufacturing facility consisting of approximately 85,000 square feet on roughly 7.8 +/- acres of undeveloped land located near the SW Corner of Lane Avenue and Carmack Road, Columbus, Ohio 43221 (the “**Project Site**”); and

WHEREAS, Andelyn proposed to create 170 net new full-time permanent positions with an estimated annual payroll of approximately \$15,437,800 at the **Project Site**; and

WHEREAS, on September 1, 2020, the Department of Development received a written notification from **Andelyn** requesting the need to extend the window to execute the **AGREEMENT**. The company is still in negotiations with a third party for a long-term lease agreement on the **Project Site** and needs additional time to finalize and execute that lease agreement; and

WHEREAS, the company anticipates that many of the employees to be hired by **Andelyn** will be hired prior to the completion of the **Project**. As a result, **Andelyn** is seeking to modify the projected job growth set-forth in Ordinance No. 0436-2020 from 170 net new full-time permanent positions with an annual payroll of approximately \$15,437,800 to 30 net new full-time permanent positions with an estimated annual payroll of approximately \$4,200,000; and

WHEREAS, there is a need to add Nationwide Children’s Hospital (“**NCH**”) as an additional entity to the City of Columbus Enterprise Zone Agreement as a limited party solely with respect to its right to terminate the Enterprise Zone Agreement. **NCH** is the entity that will be providing all of the additional compensation in various forms to the Columbus City School District and if **NCH** were to stop providing these additional compensations then they want to reserve its right to terminate the Enterprise Zone Agreement; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an amendment from Columbus City Council for Ordinance 0436-2020 to (i) revise the 180 -day period needed to execute the City of Columbus Enterprise Zone Agreement to 180 days after passage from this ordinance (ii) to reduce the projected new job growth from 170 net new full-time positions to 30 net new full-time positions with a new estimated associated annual payroll of approximately \$4,200,000 (iii) to add a job retention component of 205 retained employees with an associated annual payroll of approximately \$15,000,000, and (iv) to add Nationwide Children’s Hospital as an additional entity to the City of Columbus Enterprise Zone, thereby preserving the public health, peace, property and safety;

NOW THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS

Section 1. That Section 2 of Ordinance No. 0436-2020 is hereby amended to authorize and direct the Director of the

Department of Development to enter into an Enterprise Zone Agreement with Andelyn Biosciences, Inc. and Nationwide Children's Hospital to provide therewith an exemption of one-hundred percent (100%) on real property improvements for a term of fifteen (15) consecutive taxable years in association with the Project's proposed investment of approximately \$64,000,000 in real property improvements, the retention of 205 jobs with an annual payroll of \$15,000,000 and the creation of 30 net new full-time permanent positions with an estimated annual payroll of \$4,200,000.

Section 2. That Section 3 of Ordinance No. 0436-2020 is hereby amended to authorize and direct the Director of the Department of Development enter into an Enterprise Zone Compensation Agreement with Andelyn Biosciences, Inc., Nationwide Children's Hospital and Columbus City School District which details the commitments made by Andelyn Biosciences, Inc. to the Columbus City Schools.

Section 3. That Section 4 of Ordinance No. 0436-2020 is hereby amended to revise the 180-day window needed to execute the Enterprise Zone Agreement to 180 days after the passage of this ordinance.

Section 4. That the City of Columbus Enterprise Zone Agreement is signed by Andelyn Biosciences, Inc., and Nationwide Children's Hospital within 180 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void. Except as otherwise amended by this ordinance, the Prior Ordinance remains in full force and effect without modification or change.

Section 5. That, 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.