



Legislation Text

File #: 2349-2020, **Version:** 1

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with Middle West Spirits, LLC. The Ohio Enterprise Zone law O.R.C. Section 5709.62(C) requires the City to enter into a Council-approved agreement between the City and participating companies.

Middle West Spirits, LLC (“MWS”) is Ohio’s award-winning craft distillery founded in 2008 by Brady Konya and Ryan Lang. The company has three operating locations in the Columbus area and produces small batch craft spirits including its flagship brand OYO product lines (pronounced “O-Why-O”) and Vim & Petal Dry Gin. MWS opened its distillery for commercial production and selling in June 2010. Recently, to help serve the community and combat the spread of COVID-19, in March 2020 MWS created a recipe and sought necessary approvals to produce hand sanitizer that has been distributed throughout the community.

MWS is proposing to invest a total project cost of approximately \$6,205,000, which includes approximately \$3,920,000 in acquisition cost, \$2,000,000 in real property improvements, and \$285,000 in machinery and equipment to redevelop a vacant industrial warehouse site for the purposes of relocating and expanding its office and warehouse operation. The proposed industrial site includes (parcel numbers 010-113456 and 010-112129, 1165 Alum Creek Dr. consisting of approximately 35,189 sq. ft.), a vacant lot parcel (parcel number 010-009409, 1185 Alum Creek Dr. consisting of .890 acre and two vacant warehouses (parcel number 010-114985, 1195 Alum Creek Dr. consisting of approximately 17,044 sq. ft. and parcel number 010-099174, 1221 Alum Creek Dr. consisting of approximately 47,139 sq. ft.), Columbus, Ohio 43209, (collectively, and hereinafter referred to as the “**Project Site**”). MWS received notice from its current landowner stating their current lease on Starr Avenue will be terminating early, and the building is scheduled for demolition in March 2021 and they must vacate the premises. With this early lease termination, MWS is using this opportunity to expand its office and warehouse operation. The company will retain and relocate 14 full-time jobs with an annual payroll of approximately \$897,200 and create 13 net new full-time permanent positions with an estimated annual payroll of approximately \$668,000 at the proposed **Project Site**.

The Department of Development recommends a 75%/10-year Enterprise Zone tax abatement on real property improvements.

The Columbus City School Board of Education has been advised of this project.

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 Middle West Spirits, LLC for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a total proposed capital expenditure of approximately \$6,205,000.00, the retention of fourteen (14) full-time jobs with an estimated annual payroll of \$897,200.00 and the creation of thirteen (13) net new full-time permanent positions with an estimated annual payroll of approximately \$668,000.00. **(AMENDED BY ORD. 1065-2021; PASSED 5/10/2021)**

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; 0032-2012 in 2012; and 1442-2020 in 2020;

and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the City of 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, April 3, 2012 and most recently on September 18, 2020 as an “urban jobs and enterprise zone” under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, Middle West Spirits, LLC (“MWS”) is Ohio’s award-winning craft distillery founded in 2008 by Brady Konya and Ryan Lang; and

WHEREAS, the company has three operating locations in the Columbus area and produces small batch craft spirits including its flagship brand OYO product lines (pronounced “O-Why-O”) and Vim & Petal Dry Gin. **MWS** opened its distillery for commercial production and selling in June 2010; and

WHEREAS, **MWS** is proposing to invest a total project cost of approximately \$6,205,000, which includes approximately \$3,920,000 in acquisition cost, \$2,000,000 in real property improvements, and \$285,000 in machinery and equipment to redevelop a vacant industrial warehouse site for the purposes of relocating and expanding its office and warehouse operation. The proposed industrial site includes (parcel numbers 010-113456 and 010-112129, 1165 Alum Creek Dr. consisting of approximately 35,189 sq. ft.), a vacant lot parcel (parcel number 010-009409, 1185 Alum Creek Dr. consisting of .890 acre) and two vacant warehouses (parcel number 010-114985, 1195 Alum Creek Dr. consisting of approximately 17,044 sq. ft. and parcel number 010-099174, 1221 Alum Creek Dr. consisting of approximately 47,139 sq. ft.), Columbus, Ohio 43209, (collectively, and hereinafter referred to as the “**Project Site**”); and

WHEREAS, **MWS** will retain and relocate fourteen (14) full-time jobs with an annual payroll of approximately \$897,200 and create thirteen (13) net new full-time permanent positions with an estimated annual payroll of approximately \$668,000 at the proposed **Project Site**; and

WHEREAS, the City is encouraging this project because of plans to redevelop a vacant industrial warehouse site and to retain an existing company in the central city; and

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

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

SECTION 1. That Council hereby finds and determines that: (1) the project will 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 of Middle West Spirits, LLC to move forward with the proposed project.

SECTION 2. That the Director of the Department of Development is hereby authorized to enter into an Enterprise Zone Agreement with Middle West Spirits, LLC 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 total proposed investment of approximately \$6,205,000, which includes \$3,920,000 in acquisition cost, \$285,000 in machinery and equipment, and approximately \$2,000,000 in real property improvements at 1165 Alum Creek Drive, parcel numbers 010-113456 and 010-112129, 1185 Alum Creek Drive, parcel number 010-009409, 1195 Alum Creek Drive, parcel number 010-114985 and 1221 Alum Creek Drive, parcel number 010-099174, the retention of fourteen (14) full-time positions with an annual payroll of approximately \$897,200 and the creation of thirteen (13) net new full-time permanent positions with an estimated annual payroll of approximately \$668,000.

SECTION 3. That the City of Columbus Enterprise Zone Agreement be signed by Middle West Spirits, LLC within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein are null and void.

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