



Legislation Text

File #: 0289-2021, **Version:** 1

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 1686-2014, passed July 28, 2014, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with Clarus Partners, LLC and Clarus Solutions, LLC (ENTERPRISE) for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive taxable years in consideration of a proposed \$1.5 million investment in real property improvements, the creation of thirty-three (33) new full-time permanent positions with an associated annual payroll of approximately \$1,745,600, and the relocation and retention of thirty-nine existing (39) full-time jobs that were currently within the CITY with an associated retained payroll of approximately \$3,232,200 related to the renovation of an existing approximately 20,000 square-foot building at 1233 Dublin Road on parcel number 010-129600 (the PROJECT SITE), in Columbus Ohio, within the Columbus City School District and within the City of Columbus Enterprise Zone (Zone 023). The AGREEMENT was made and entered into effective November 25, 2014 (EZA #023-14-100).

The AGREEMENT was subsequently authorized by COUNCIL to be amended for the first time to add Clarus Ventures LLC as OWNER by Ordinance No. 0614-2017, passed March 27, 2017, executed June 23, 2017 and effective as of the day and year first written in the AGREEMENT. The abatement is active and currently running from 2016 through 2025.

The CITY reported the status of the PROJECT to the 2020 Tax Incentive Review Council (“TIRC”) on August 21, 2020 and the TIRC recommended that the CITY was to “send ENTERPRISE a letter requesting that ENTERPRISE, within 60 days of receipt, send a letter to the City requesting that the AGREEMENT be amended to add any needed additional Clarus-related job creating entities to the AGREEMENT and also to indicate a suitable/attainable end-of-reporting-year new job commitment.”

COUNCIL, by Resolution 0133X-2020, passed September 21, 2020, accepted the written recommendations presented by the 2020 TIRC.

The CITY complied with the TIRC recommendation and based on a letter from ENTERPRISE dated December 14, 2020, along with additional email correspondence, ENTERPRISE indicated that Clarus R&D should be added to the AGREEMENT as an additional job creating entity, that the new job creation commitment should be reduced to ten (10) and that the commensurate new job payroll commitment should be reduced to \$528,970.

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 to authorize the Director of Development to amend the AGREEMENT for the second time to (1) add Clarus R&D as an additional job creating entity to join Clarus Solutions, LLC and Clarus Partners, LLC as OPERATORS and that collectively Clarus Ventures LLC, Clarus Solutions, LLC, Clarus Partners, LLC and Clarus R&D would now be known as ENTERPRISE; (2) that within Section 2 of the AGREEMENT, the new job creation commitment would be reduced from thirty-three (33) to ten (10) and that the commensurate new job payroll would be reduced from \$1,745,600 to \$528,970, and (3) to add language within the final paragraph of Section 6 of the AGREEMENT requiring an Amendment Fee for future Grantee-initiated Amendments.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the end of the 2020 annual reporting cycle (in 2021) so that this amendment to the AGREEMENT can be reported to the necessary local and state agencies in as expedient manner as possible to ensure that ENTERPRISE remains in compliance with the terms of the AGREEMENT.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend the Enterprise Zone Agreement with Clarus Ventures LLC, Clarus Partners, LLC and Clarus Solutions, LLC for the second time to add an additional job creating entity, to revise language regarding the job creation commitment, and to add language requiring an Amendment Fee for future Grantee-initiated Amendments; and to declare an emergency.

WHEREAS, the City of Columbus (CITY) entered into an Enterprise Zone Agreement (the “AGREEMENT”) with Clarus Partners, LLC and Clarus Solutions, LLC (ENTERPRISE), approved by Columbus City Council (COUNCIL) on July 28, 2014 by Ordinance No. 1686-2014 with this AGREEMENT made and entered into effective November 25, 2014 (EZA #023-14-100); and

WHEREAS, the AGREEMENT granted a 75%/10-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of a proposed \$1.5 million investment in real property improvements, the creation of thirty-three (33) new full-time permanent positions with an associated annual payroll of approximately \$1,745,600, and the relocation and retention of thirty-nine (39) full-time jobs that were currently within the CITY with an associated retained payroll of approximately \$3,232,200 related to the renovation of an existing approximately 20,000 square-foot building at 1233 Dublin Road on parcel number 010-129600 (the PROJECT SITE), in Columbus Ohio, within the Columbus City School District and within the City of Columbus Enterprise Zone; and

WHEREAS, the AGREEMENT was subsequently authorized by COUNCIL to be amended for the first time to add Clarus Ventures LLC as OWNER by Ordinance No. 0614-2017, passed March 27, 2017, executed June 23, 2017 and effective as of the day and year first written in the AGREEMENT. The abatement is active and currently running from 2016 through 2025; and

WHEREAS, the CITY reported the status of the PROJECT to the 2020 Tax Incentive Review Council (“TIRC”) on August 21, 2020 and the TIRC recommended that the CITY was to “send ENTERPRISE a letter requesting that ENTERPRISE, within 60 days of receipt, send a letter to the City requesting that the AGREEMENT be amended to add any needed additional Clarus-related job creating entities to the AGREEMENT and also to indicate a suitable/attainable end-of-reporting-year new job commitment,” and

WHEREAS, COUNCIL, by Resolution 0133X-2020, passed September 21, 2020, accepted the written recommendations presented by the 2020 TIRC; and

WHEREAS, the CITY complied with the TIRC recommendation and based on a letter from ENTERPRISE dated December 14, 2020, along with additional email correspondence, ENTERPRISE indicated that Clarus R&D should be added to the AGREEMENT as an additional job creating entity, that the new job creation commitment should be reduced to ten (10) and that the commensurate new job payroll commitment should be reduced to \$528,970; and

WHEREAS, 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 authorize the Director to amend the AGREEMENT with Clarus Ventures LLC, Clarus Solutions, LLC, Clarus Partners, LLC to (1) add Clarus R&D as an additional job creating entity to join Clarus Solutions, LLC and Clarus Partners, LLC as OPERATORS and that collectively Clarus Ventures LLC, Clarus Solutions, LLC, Clarus Partners, LLC and Clarus R&D would now be known as ENTERPRISE; (2) that within Section 2 of the AGREEMENT, the new job creation commitment would be reduced from thirty-three (33) to ten (10) and that the commensurate new job payroll would be reduced from \$1,745,600 to \$528,970, and (3) to add language within the final

paragraph of Section 6 of the AGREEMENT requiring an Amendment Fee for future Grantee-initiated Amendments; thereby preserving the public health, peace, property and safety.

NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS

SECTION 1. That the Director of Development is hereby authorized to amend the Enterprise Zone Agreement (the AGREEMENT) with Clarus Ventures LLC, Clarus Solutions, LLC, Clarus Partners, LLC to (1) add Clarus R&D as an additional job creating entity to join Clarus Solutions, LLC and Clarus Partners, LLC as OPERATORS and that collectively Clarus Ventures LLC, Clarus Solutions, LLC, Clarus Partners, LLC and Clarus R&D would now be known as ENTERPRISE.

SECTION 2. That the Director of Development is hereby authorized to amend Section 2 of the AGREEMENT to reduce the new job creation commitment from thirty-three (33) to ten (10) and that the commensurate new job payroll would be reduced from \$1,745,600 to \$528,970.

SECTION 3. That the Director of Development is hereby authorized to amend the final paragraph of Section 6 (Program Compliance, modification provision paragraph) of the AGREEMENT to state that “Any request from the ENTERPRISE to modify any of the terms of this AGREEMENT must be received by the CITY at least 90 days prior to the expiration date of the AGREEMENT and shall require the payment to the CITY by the ENTERPRISE or any other potential Grantee an AMENDMENT FEE in the amount of \$500.”

SECTION 4. That this SECOND AMENDMENT to the City of Columbus Enterprise Zone Agreement be signed by Clarus Ventures LLC, Clarus Solutions, LLC, Clarus Partners, LLC and Clarus R&D within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

SECTION 5. 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.