



Legislation Text

File #: 2751-2021, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with SK Food Group, Inc. ("SK Food Group") in an amount equal to (i) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty-five percent (35%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.

SK Food Group is a custom food manufacturing company serving customers across North America. From product creation to flawless execution and assembly, SK Food Group is a hands-on partner, every step of the way. The company is the leading producer of handcrafted sandwiches, wraps, protein snacks, flatbreads, burgers and more for a wide range of customers including Fortune 500 companies like Starbucks, along with airlines and retailers. Columbus is competing with Reno, NV and Phoenix, AZ for this project.

SK Food Group is proposing to enter into a long-term lease agreement on a vacant industrial warehouse facility consisting of approximately 144,000 square feet at 2955-3035 Charter Street, Columbus, OH 43228, parcel number 560-212424 (the "Project Site"), to establish a new operations to support its increased sales growth and consumer demands. Additionally, SK Food Group proposes to invest approximately \$10,000,000 in leasehold improvements, \$8,000,000 in machinery and equipment, and create 305 net new full-time permanent positions with an estimated cumulative estimated annual payroll of approximately \$12,389,296 at the proposed Project Site.

SK Food Group, Inc. is requesting a dual-rate Jobs Growth Incentive from the City of Columbus to assist with this expansion project. This legislation is presented as 30 day legislation.

FISCAL IMPACT: No funding is required for this legislation

To authorize the Director of the Department of Development to enter into a dual-rate Jobs Growth Incentive Agreement with SK Food Group, Inc. for a term of up to five (5) consecutive years in consideration of the company's creation of 305 net new full-time permanent positions with an estimated cumulative annual payroll of approximately \$12,389,296.00.

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the Department of Development received a completed Jobs Growth Incentive Application from SK Food Group, Inc. and

WHEREAS, SK Food Group, Inc. proposes to establish a new operations at 2955-3035 Charter Street, Columbus, OH 43228, parcel number 560-212424 to support its increased sales growth and strategic growth initiatives; and

WHEREAS, SK Food Group, Inc. will create 305 net new full-time permanent positions with an estimated associated annual payroll of approximately \$12,389,296 at the proposed Project Site; and

WHEREAS, SK Food Group, Inc. has indicated that a Jobs Growth Incentive is crucial to its decision to establish administrative operations within the City of Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of SK Food Group, Inc. at the Project Site by providing a Jobs Growth Incentive; and

WHEREAS, it has become necessary in the usual daily operation of the Department of Development to authorize the Director to enter into a Jobs Growth Incentive agreement with SK Food Group, Inc.; **NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

- SECTION 1.** That the Director of the Department of Development is hereby authorized to enter into a dual-rate Jobs Growth Incentive Agreement with SK Food Group, Inc. equal to (i) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty-five percent (35%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.
- SECTION 2.** That, should SK Food Group, Inc. not be able to sufficiently document residency for an employee associated with this project during a calendar year of the term of the agreement, the default rate of the Jobs Growth Incentive to be applied that calendar year for that new employee shall be thirty percent (30%).
- SECTION 3.** That each year of the term of the agreement with SK Food Group, Inc. the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payment and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.
- SECTION 4.** That the City of Columbus Jobs Growth Incentive Agreement is signed by SK Food Group, Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.
- SECTION 5.** That the Director of the Department of Development is authorized to amend SK Food Group, Inc.'s City of Columbus Jobs Growth Incentive Agreement for certain modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these certain modifications being specifically limited to reductions in length of term, methods of calculating the incentive, or adding or deleting business entities associated with the employment commitments related to this incentive. All other requested amendments must be approved by City Council.
- SECTION 6.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.