

ORDINANCE NO. C-123-03

AN ORDINANCE AUTHORIZING THE ESTABLISHMENT OF AN ENTERPRISE ZONE ENCOMPASSING THE BOUNDARIES OF THE CITY OF GROVE CITY, OHIO AND APPROVING THE FORM OF GUIDELINES FOR SUCH ENTERPRISE ZONE

WHEREAS, the Ohio Enterprise Zone Act ("the Act"), under Ohio Revised Code Section 5709.61 through 5709.69 has authorized counties, with the consent and agreement of affected municipalities and townships therein, to designate areas as Enterprise Zones and to execute agreements with certain enterprises for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones in exchange for specified local tax incentives granted by the county; and

WHEREAS, the City Council of City of Grove City ("the Council") upon due consideration desires to implement said Act and to designate an Enterprise Zone within the boundaries of City of Grove City (the "City") to promote the economic welfare of said City; and

WHEREAS, the Council desires to approve guidelines establishing the criteria and policies for granting tax incentives to enterprises located within said Enterprise Zone; and

WHEREAS, it is necessary for the Council to formally request from the County Commissioners of Franklin County, Ohio, ("the Board") the inclusion of the City in an Enterprise Zone proposal and to include such an ordinance in a petition to the Director of the Department of Development of the State of Ohio to certify the area described as such a zone; and

WHEREAS, the Council finds and determines that designation of the zone pursuant to the Ohio Revised Code Section 5709.63 will promote the economic welfare of the residents of the City by creating new jobs and retaining and preserving existing jobs and employment opportunities within such areas and is in the best interest of said City; and

WHEREAS, the Council understands that the Board of County Commissioners is required by law to administer all Enterprise Zones and agreements within the County and will therefore appoint a designee to be responsible for (1) the establishment and operation of the Tax Incentive Review Council as specified in Ohio Revised Code Section 5709.85, (2) to ensure that the Enterprise Zone Agreements contain the information required in Ohio Revised Code Section 5709.631, including but not limited to a description of the project, the amount to be invested, the number of jobs created and/or retained, the annual new payroll associated with these jobs, and the specific percentage and term of the tax exemptions being granted toward real and/or personal property, (3) to forward copies of all Enterprise Zone Incentive Agreements to both the Ohio Department of Development and the Ohio Department of Taxation within fifteen days after the agreement is entered into, as specified in the Ohio Revised Code, (4) to notify affected school boards of proposed projects a minimum of fourteen days prior to formal local legislative consideration and to include comments by the school boards as part of the review process as required under Ohio Revised Code Section 5709.83, (5) to maintain a centralized record of all aspects of the Zone, including copies of the agreements, a list of the members of the Tax Incentive Review Council, and a summary of the Tax Incentive Review Council's annual review of each agreement, and (6) to submit a comprehensive annual zone activities on or before March 31 of each year pursuant to Section 5709.68.

WHEREAS, the Council is requesting designation of an Enterprise Zone which includes all or part of the municipal corporation and meets the population and boundary requirements to be certified as an Enterprise Zone under Section 5709.632.

WHEREAS, the Board of County Commissioners will have primary responsibility for negotiating and administering Enterprise Zone Agreements. It is the intention of the Board to involve affected municipalities in the negotiation process and to receive the consent and approval of the affected City prior to formal approval by the Board; and

WHEREAS, the Council hereby agrees to the establishment of a Tax Incentive Review Council or Councils pursuant to Ohio Revised Code Section 5709.85 and will appoint two representatives to said Council within sixty days after the state development director certifies the Zone.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF GROVE CITY, OHIO that:

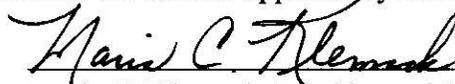
SECTION 1. The City Council hereby authorizes the County to include the boundaries of the City, as further described in Exhibit A attached hereto, in the Enterprise Zone.

SECTION 2. The Council hereby authorizes and approves guidelines for the Enterprise Zone (the "Enterprise Zone Guidelines"), which Enterprise Zone Guidelines shall set forth the criteria and policy for granting tax incentives to enterprises located within the Enterprise Zone. The proposed form of the Enterprise Zone Guidelines are attached hereto as Exhibit "A".

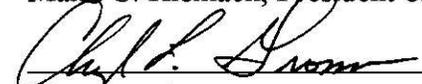
SECTION 3. The Clerk of the Board of County Commissioners, of Franklin County, Ohio is hereby authorized to include this Ordinance in the petition to the Director of the Department of the State of Ohio.

SECTION 4. It is hereby found and determined that all formal actions of this Council concerning and relating to the adoption of this ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

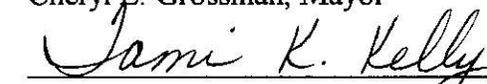
SECTION 5. This Ordinance shall take effect on the earliest opportunity allowed by law.



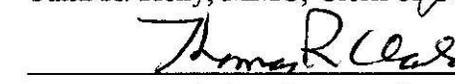
Maria C. Klemack, President of Council



Cheryl L. Grossman, Mayor



Tami K. Kelly, MMC, Clerk of Council



Thomas R. Clark, Director of Law

Passed: 01-05-04
Effective: 02-04-04

Attest:

I Certify that this Ordinance is correct as to form.



CITY OF GROVE CITY
 CORPORATE BOUNDARY

CITY OF GROVE CITY, OHIO

ENTERPRISE ZONE EXHIBIT

<p>EMHT <small>ENGINEERS, SURVEYORS, PLANNERS & ARCHITECTS</small> EVANS, MICHWART, HAMILTON & TILTON, INC. 179 MILL STREET COLUMBUS, OHIO 43260 TELEPHONE (614) 471-8100 FACSIMILE (614) 471-8088</p>	Date: October 31, 2003
	Scale: 1" = 2800'
	Job No: 0000-0000
	Sheet: 1 of 1

GROVE CITY/URBANCREST
ENTERPRISE ZONE GUIDELINES

Background

The City of Grove City and Village of Urbancrest are desirous of creating and retaining employment opportunities for their residents and other regional job seekers, enhancing the economic viability of the Grove City and Urbancrest community and assisting local businesses in growing their operations.

To assist the communities in meeting these objectives, an Enterprise Zone shall be created. An Enterprise Zone is a defined area of a community in which a business concern has an opportunity to receive abatements of real and/or personal property taxes (see Attachment A for map illustrating the Enterprise Zone boundaries). The receipt of tax incentives is conditional, upon the business concern fulfilling investment and job creation/retention requirements.

The City of Grove City and the Village of Urbancrest encouraged the creation of the Enterprise Zone in order to meet community objectives, however, they are by no means under any obligation to grant tax incentives. The following guidelines are for the purpose of guiding the communities as they enter negotiations with interested businesses. Although the requirements for gaining consideration of the incentives might be met, other factors might alter the level of incentives and term of agreement offered. Amount of abatement may or may not be affected by the applicant's receipt of other local or state business incentives. The aim of this enterprise zone program is to assist in the investment decision of a business.

Guidelines

The following guidelines note the minimum investment thresholds required of the business for consideration by either community for specific levels of abatement.

A. Property Investments

1) Real Property

- No minimum investment thresholds.
- Real property abatements typically should be offered utilizing the Community Reinvestment Area program, but may also be considered in an Enterprise Zone agreement.
- If real property investments are proposed within the scope of a project seeking an Enterprise Zone agreement, regardless of it receiving a real property abatement, these proposed real property improvements shall be incorporated into the terms of the Enterprise Zone agreement.
- Abatements upon real property shall only be based upon increases in the assessed value of the improvements as determined by the Franklin County Auditor's Office.

- 2) Personal Property (Machinery & Equipment, Furniture & Fixtures, Stand Alone Computers)
 - No minimum investment thresholds.
 - Investments may include any personal property that is new to the Enterprise Zone, including property formerly located elsewhere in Ohio.
 - Abatements shall only be granted to personal property that is considered "First in Use in Ohio". The Enterprise Zone shall never abate property that was previously taxable in the State of Ohio.
- 3) Inventory
 - No minimum thresholds are required.
 - There shall not be abatements offered upon average monthly inventories that previously existed in the State of Ohio. The Enterprise Zone Manager shall determine the preexisting inventory quantities prior to execution of an agreement.
- 4) Investments to be measured in an Enterprise Zone agreement shall be the verified purchase values of the goods and services described to be implemented in the agreement. It is understood that rarely does 100% of the value expended on these goods and services become abatable per the terms of the agreement. Such purchase values shall be documented to the satisfaction of the Enterprise Zone Manager in order to verify the total investments for a project.

B. Payroll Thresholds

- 1) New Business Attraction Into the Enterprise Zone:
The terms that may be offered in an Enterprise Zone agreement for a business previously not located within the Enterprise Zone should be determined based upon the following thresholds:
 - a) New Payroll exceeding \$750,000 annually and creating new employment opportunities should be offered an incentive valued no greater than what would constitute an average of a 50% abatement for a term no greater than 5 years.
 - b) New Payroll exceeding \$1,000,000 annually and creating new employment opportunities should be offered an incentive valued no greater than what would constitute an average of a 50% abatement for a term no greater than 7 years.
 - c) New Payroll exceeding \$1,500,000 annually and creating new employment opportunities should be offered an incentive valued no greater than what would constitute an average of a 50% abatement for a term no greater than 10 years.
- 2) Retained or Expanding Businesses Currently Located within the Enterprise Zone:
The terms that may be offered in an Enterprise Zone agreement to a business seeking to expand their existing operations or facilities within the Enterprise Zone should be determined based upon the following thresholds:

- a) New Payroll exceeding \$750,000 annually and creating new employment opportunities should be offered an incentive valued no greater than what would constitute an average of a 50% abatement for a term no greater than 10 years.
- 3) **Applicable Considerations**
The following considerations shall be applicable in the evaluations noted above.
- a) Payroll thresholds shall be measured at the time the applicant promises that such will be in place, but in no circumstance shall said measurement occur greater than three (3) years from execution of the agreement. The Zone Manager shall determine the existing payroll values prior to execution of an agreement.
 - b) Applicant shall agree to provide verification of annual payroll by providing Grove City or Urbancrest and the Enterprise Zone Manager documentation as requested, including earnings tax filings.
 - c) If a proposed facility is relocating from within the State of Ohio, investment standards established per O.R.C. 5709.633(B)(3) shall also be applicable.
 - d) The terms of the abatement (percentage and term in years) may be decreased upon review of such factors including but not limited to average wage of employees, provision of employee benefits, and proposed amounts of real and personal property investments.
 - e) New Payroll shall be defined as proposed payroll increases generated from new jobs created in the State of Ohio as a result of the proposed expansion.
- 5) **Exceptional Circumstances**
- a. At such time, that the elected officials of Grove City or Urbancrest make a specific finding that a proposed recipient of an Enterprise Zone abatement merits special consideration, the jurisdiction may offer incentives greater than what would constitute an average of a 50% abatement for a term no greater than 10 years.
 - b. Special consideration may be found when a minimum of three of the following criteria are satisfied:
 - i. New Payroll exceeding \$3,000,000 annually.
 - ii. Average annual value of wages and benefits for new employees exceeds 80% of area median income for a single person household as determined annually for the Columbus Standard Metropolitan Statistical Area by the Department of Housing and Urban Development.
 - iii. Real property improvement investments averaging \$30.00 per square foot for industrial development and \$95.00 per square foot for office development.
 - iv. Investments in Machinery & Equipment, Computers, or Furniture & Fixtures of \$5,000,000 or greater.
 - v. Increased investments of Average Monthly Inventory anticipated being taxable in the State of Ohio exceeding \$5,000,000.

- vi. Space utilization such that the number of employees per square foot is equal to or greater than 1 person: 1,000 square feet for industrial development and 1 person: 500 square feet for office development.
- vii. Documentation that the locational decision is based on “just in time” proximity to suppliers of materials or end-users of finished goods.
- viii. Documentation that the operation is within a strategic industrial cluster that has been identified by the proposed community in a previously approved economic development strategy.

Policy/Process

- A. **Eligible Business:**
 - 1. In accordance with O.R.C. 5709.64(A), only those businesses that are “qualified by financial responsibility and business experience to create and preserve employee opportunities in the zone and to improve the economic climate of the municipal corporation...” may receive incentives.
 - 2. Manufacturing, office, distribution, warehousing, research and development and in general any business concern that would primarily market their goods and services outside of the communities and Franklin County.
 - 3. Not intended for retail, housing, or commercial sales and services businesses unless there are special circumstances, such as tied to the City’s redevelopment strategy and such project is determined to be eligible within O.R.C. requirements.

- B. **Application Process:**

Applications are obtained from the Franklin County Community and Economic Development Department.

- C. **Fees:**

The City of Grove City and Village of Urbancrest will not charge a fee for processing an Enterprise Zone application. However, the applicant shall be responsible for paying all fees that are assessed by the State of Ohio Department of Development and/or Franklin County Community and Economic Development Department.

- D. **Negotiation Process:**
 - 1. The negotiation process for Enterprise Zone shall begin by filing a written notice and/or application with the Zone Manager at Franklin County Community and Economic Development Department.
 - 2. Upon filing such notice with the County, the Zone Manager will notify the appropriate municipal official and will coordinate negotiation between the parties.
 - 3. **Tax Incentive Review Council:** The Grove City/Urbancrest Tax Incentive Review Council (TIRC) will monitor tax incentive agreements annually. Businesses are required to participate in these annual reviews by

submitting reports, including the Ohio Department of Development Annual Report, Ohio Department of Taxation Forms 920, 913EX, 937EX, 945 and quarterly filings of the Ohio Department of Job and Family Services' "Employer's Contribution Report" and "Employer's Report of Wages", participating in TIRC meetings and allowing visitation by the TIRC if requested.

- E. Incentive Negotiation Policy:
 - 1. In order to minimize the loss of new tax revenues, only the minimum abatement possible to bring about the investment will be offered. Any business interested in receiving the tax incentives must demonstrate that the incentives requested are essential to cause the investment and, if not for the available tax incentives, the investment would not have been made. Priority is given to projects and/or potential employers containing high wage employment positions.
 - 2. In no case will the communities offer greater incentives or terms than allowable by state law.
 - 3. Abatement term shall not be greater than the term of the business' lease.
- F. Performance measurements will be negotiated including provisions for a "clawback" of incentives based upon non-compliance of agreed upon company employment and/or investment objectives.
- G. Term of Agreement:

The applicant shall agree that the term of their commitment to remain at the location of the proposed incentivized enterprise shall be for one and one-half (1.5) times the length of the term of the abatement granted. Failure to maintain the business operation shall precipitate "clawback" provisions as provided for in the agreement.
- H. Applicants shall agree to participate in Franklin County's First Source employment program administered through Franklin County Jobs and Family Services.
- I. The administration of this Enterprise Zone shall also incorporate the Policies and Procedures as adopted and amended by the Franklin County Board of Commissioners.
- J. Policies in Regards to South-Western City School District.
 - 1. As required, the Enterprise Zone Manager shall provide formal notice of all proposed applications to the South-Western City School District for their review and shall seek the support of its School Board through formal action. The School Board may wave all or part of the official notice period.

2. Following rules as prescribed by state law, the applicant and community proposing the project considered for abatement shall participate with the South-Western City School District in formulating an agreement suitable to South-Western City School District to address compensation for a portion of increased abated property tax revenues that would have benefited the school district had the abatement agreement not been executed.