



Legislation Text

File #: 2752-2021, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with Hollingsworth Logistics Group, LLC dba Hollingsworth, LLC and Hollingsworth Management Services, LLC (collectively, and hereinafter referred to as ("Hollingsworth")) in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) 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, both for a term up to five (5) consecutive years.

Headquartered in Dearborn, Michigan, Hollingsworth is a Native American owned and operated third party logistics supply chain innovator. Hollingsworth history dates back to 1925, when the company E. L. Hollingsworth was first founded in Flint, Michigan as one of the world's first expeditors of automotive parts. Through a series of mergers beginning in 1991, the company broadened its service capabilities and became nationally recognized as a carried minority business under the name Hollingsworth. The company is proud to be a minority owned business and even more proud that over 75% of their workforce are minorities. Hollingsworth Management Services, LLC is a subsidiary of Hollingsworth and is the company's third party employer. This particular entity is responsible to manage its human resources services relating to employee management, including administration of payroll and the filing of the company's municipal income tax withholdings. The proposed project will allow Hollingsworth to significantly expand their current, small presence in Columbus. Columbus is competing with Tracy, CA, Dallas, TX and Charlotte, NC for this expansion project.

Hollingsworth is proposing to invest a total project cost of approximately \$850,000 in machinery and equipment to expand its operations at 2450 Spiegel Drive, Columbus, Ohio 43125, parcel number 495-249651 ("Project Site"). Additionally, Hollingsworth will retain 16 full-time permanent positions with an associated annual payroll of \$700,000 and create 95 net new full-time permanent positions with a cumulative estimated annual payroll of approximately \$3,302,140, to support its increased sales growth and consumer demands. Hollingsworth and Hollingsworth Management Services, LLC are 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 Hollingsworth Logistics Group, LLC, dba Hollingsworth, LLC and Hollingsworth Management Services, LLC, for a term of up to five (5) consecutive years in consideration of the company's proposed capital investment of \$850,000.00, the creation of 95 net new full-time permanent positions with an estimated annual payroll of approximately \$3,302,140.00 and the retention of 16 full-time permanent positions with an estimated annual payroll of \$700,000.00.

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 Hollingsworth Logistics Group, LLC dba Hollingsworth, LLC and Hollingsworth Management Services, LLC (collectively, and hereinafter referred to as "Hollingsworth"); and

WHEREAS, Hollingsworth proposes to expand its operations by investing a total project cost of approximately \$850,000 in machinery and equipment. With this expansion, the company plans to lease additional space at 2450 Spiegel Drive, Columbus, Ohio 43125, parcel number 495-249651 (the "Project Site") to support these operations; and

WHEREAS, Hollingsworth will create 95 net new full-time permanent positions with an estimated associated annual payroll of approximately \$3,302,140 and retain 16 full-time permanent positions with an estimated associated annual payroll of \$700,000 at the proposed Project Site; and

WHEREAS, Hollingsworth Management Services, LLC is a subsidiary of Hollingsworth and is the company's third party employer; and

WHEREAS, Hollingsworth 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 Hollingsworth 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 Hollingsworth Logistics Group, LLC; **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 Hollingsworth Logistics Group, LLC dba Hollingsworth, LLC and Hollingsworth Management Services, LLC equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) 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, both for a term up to five (5) consecutive years.

SECTION 2. That, should Hollingsworth Logistics Group, LLC dba Hollingsworth, LLC and Hollingsworth Management Services, LLC 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 twenty-five percent (25%).

SECTION 3. That, each year of the term of the agreement with Hollingsworth Logistics Group, LLC, dba Hollingsworth, LLC and Hollingsworth Management Services, LLC, 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 Hollingsworth Logistics Group, LLC dba Hollingsworth, LLC and Hollingsworth Management Services, LLC 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 Hollingsworth Logistics Group, LLC dba Hollingsworth, LLC and Hollingsworth Management Services, LLC'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.