



Legislation Text

File #: 2806-2021, **Version:** 1

BACKGROUND: The need exists to amend and restate the City of Columbus Jobs Growth Incentive Agreement (“AGREEMENT”) between the City of Columbus (“CITY”) and Upstart Network, Inc. (“GRANTEE”). Columbus City Council (“COUNCIL”), by Ordinance No. 1187-2019, passed on May 13, 2019, authorized the Director of the Department of Development to enter into an AGREEMENT with the GRANTEE for an annual cash payment 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 those employees who are also City of Columbus residents at the end of each calendar year, for a term up to five (5) years. The GRANTEE proposed a total project investment of approximately \$1.4 million, which included \$100,000 in technology, \$200,000 in machinery and equipment, \$100,000 in furniture and fixtures, and \$1,000,000 in leasehold improvements to lease office space at 711 N. High Street, Columbus, Ohio 43215, parcel number 010-031749 and 886 N. High Street, Columbus, Ohio 43215, parcel number 010-007464 (collectively, and hereinafter referred to as the “PROJECT SITE”). Additionally, the GRANTEE committed to create 100 net new full-time permanent positions with an estimated annual payroll of approximately \$10,750,000 at the proposed PROJECT SITE. The AGREEMENT was made and entered into effective March 4, 2020.

In a letter received by the CITY from the GRANTEE dated July 9, 2020, and through additional correspondence, the GRANTEE confirmed that TriNet Group, Inc., dba TriNet (“TriNet”), a third party employer recognized as a Professional Employer Organization (“PEO”), will be the employer of record for some of the new employees hired at the PROJECT SITE. Additionally, in a letter from TriNet, dated October 19, 2020 validated that the company will serve as the GRANTEE’s employer of record. Also, the GRANTEE planned to expand their original commitment by entering into a lease extension on a vacant office space consisting of approximately 54,870 square feet at 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582. As a result of this expansion, the GRANTEE is requesting the AGREEMENT be amended to add the company’s third party employer TriNet as an additional GRANTEE to the AGREEMENT, amend and revise the proposed project scope, add 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582 as an additional location to the PROJECT SITE, and to extend the incentive term one (1) additional year as offered in a letter from the CITY dated October 29, 2020, and accepted by the GRANTEE in a letter dated November 30, 2020.

Therefore, there is a need to amend the AGREEMENT for the purpose of (1) to add TriNet Group, Inc. dba TriNet as an additional grantee and third party employer to the AGREEMENT, (2) to amend and revise the proposed job creation goal from 100 new full-time permanent positions with an annual payroll of approximately \$10.75 million to 350 net new full-time permanent positions with an associated annual payroll of approximately \$23,389,500, (3) to revise the incentive term of the AGREEMENT from five (5) consecutive years to six (6) consecutive years, (4) to add 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582 as an additional location to the PROJECT SITE, and (5) as the AGREEMENT will be amended and restated, the amended and restated AGREEMENT will be based on the current “JGI Agreement September 2021” template.)

The legislation is to authorize the Director of the Department of Development to amend and restate the AGREEMENT for the purpose of (1) to add TriNet Group, Inc. dba TriNet as additional grantee to the AGREEMENT, (2) to revise the proposed job creation goal from 100 net new full-time permanent positions with an annual payroll of approximately \$10.75 million to 350 net new full-time permanent positions with an associated annual payroll of approximately \$23,389,500, (3) to revise the incentive term of the AGREEMENT from five (5) consecutive years to six (6) consecutive years, (4) to add 800 N. High Street, Columbus, Ohio 43215, parcel number 010-300582 as an additional location to the PROJECT SITE, and (5) that the amended and restated agreement would follow the full format of the City’s current City of Columbus Jobs Growth Incentive Agreement.

This legislation is being presented as an emergency measure to amend and restate the AGREEMENT in as expedient a manner as possible so that this amendment to the AGREEMENT can be executed and ensure that GRANTEE receive any future tax benefits from the approved tax incentive.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend and restate the City of Columbus Jobs Growth Incentive Agreement with Upstart Network, Inc. for the purposes of: to add TriNet Group, Inc., dba TriNet as additional grantee to the AGREEMENT; to revise the proposed job creation goal from 100 new full-time permanent positions with an annual payroll of approximately \$10.75 million to 350 net new full-time permanent positions with an associated annual payroll of approximately \$23,389,500; to revise the incentive term of the AGREEMENT from five consecutive years to six consecutive years; to add 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582 as an additional location to the PROJECT SITE; and that the amended and restated agreement would follow the full format of the City's current City of Columbus Jobs Growth Incentive Agreement; and to declare an emergency. **(AMENDED BY ORD. 3004-2022 PASSED 11/21/2022) BA**

WHEREAS, the City of Columbus ("CITY") entered into a Jobs Growth Incentive Agreement ("AGREEMENT") with Upstart Networks, Inc. ("GRANTEE") and was approved by Columbus City Council ("COUNCIL") on May 13, 2019, by Ordinance Number 1187-2019 with this AGREEMENT having been made and entered into effective March 4, 2020; and

WHEREAS, the AGREEMENT granted a financial incentive based on 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 those employees who are also City of Columbus residents at the end of each calendar year, for a term up to five (5) consecutive years; and

WHEREAS, the GRANTEE committed to invest a total project cost of approximately \$1.4 million, which included \$100,000 in technology, \$200,000 in machinery and equipment, \$100,000 in furniture and fixtures, and \$1,000,000 in leasehold improvements to lease office space at 711 N. High Street, Columbus, Ohio 43215, parcel number 010-031749 and 886 N. High Street, Columbus, Ohio 43215, parcel number 010-007464 (collectively, and hereinafter referred to as the "PROJECT SITE"); and

WHEREAS, the GRANTEE committed to create 100 net new full-time permanent positions with an estimated annual payroll of approximately \$10,750,000 at the PROJECT SITE; and

WHEREAS, in a letter received by the CITY from the GRANTEE dated July 9, 2020, and through additional correspondence, the GRANTEE confirmed that TriNet Group, Inc., dba TriNet ("TriNet"), a third party employer recognized as a Professional Employer Organization ("PEO"), will be the employer of record for some of the new employees hired at the PROJECT SITE. Additionally, in a letter from received by the CITY from TriNet, dated October 19, 2020, and through additional correspondence, validated that the company will serve as the GRANTEE's employer of record for some of the new employees; and

WHEREAS, the GRANTEE planned to expand their original commitment by entering into a lease extension on a vacant office space consisting of approximately 54,870 square feet at 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582. The proposed expansion of operations would increase the net new full-time permanent positions commitment by 250, from 100 net new full-time permanent positions to 350 net new full-time permanent positions; and

WHEREAS, as a result of this expansion, the GRANTEE requests the AGREEMENT be amended to add the company's third party employer TriNet as an additional GRANTEE to the AGREEMENT, amend and revise the proposed project scope, add 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582 as an additional location to the PROJECT SITE and to extend the incentive term one (1) additional year as offered in a letter from the CITY dated

October 29, 2020, and accepted by the GRANTEE in a letter dated November 30, 2020; and

WHEREAS, there is a need to amend and restate the AGREEMENT for the purpose of (1) to add TriNet Group, Inc. dba TriNet as additional grantee to the AGREEMENT, (2) to revise the proposed job creation goal from 100 new full-time permanent positions with an annual payroll of approximately \$10.75 million to 350 net new full-time permanent positions with an associated annual payroll of approximately \$23,389,500, (3) to revise the incentive term of the AGREEMENT from five (5) consecutive years to six (6) consecutive years, (4) to add 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582 to the PROJECT SITE, and (5) that the amended and restated agreement would follow the full format of the City's current City of Columbus Jobs Growth Incentive Agreement; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to amend and restate the AGREEMENT with Upstart Network, Inc. to ensure that GRANTEE receive any future tax benefits from the approved tax incentive; and **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 amend and restate the Jobs Growth Incentive Agreement with Upstart Network, Inc. to add TriNet Group, Inc., dba TriNet (a Professional Employer Organization), as additional grantee and third party employer to the AGREEMENT.

SECTION 2. That the Director of the Department of Development is hereby authorized to amend and restate the Jobs Growth Incentive Agreement with Upstart Network, Inc. to revise the job creation goal from 100 new full-time permanent positions with a commensurate annual payroll of approximately \$10.75 million to 350 net new full-time permanent positions with an associated annual payroll of approximately \$23,389,500.

SECTION 3. That the Director of the Department of Development is hereby authorized to amend and restate the Jobs Growth Incentive Agreement with Upstart Network, Inc. to revise the incentive term of the AGREEMENT from five (5) consecutive years to six (6) consecutive years.

SECTION 4. That the Director of the Department of Development is hereby authorized to amend and restate the Jobs Growth Incentive Agreement with Upstart Network, Inc. to add 800 N. High Street, Columbus, Ohio 43215 parcel number 010-300582 to the PROJECT SITE.

SECTION 5. That the Director of the Department of Development is hereby authorized to amend and restate the Jobs Growth Incentive Agreement with Upstart Network, Inc. to follow the full format of the City's current City of Columbus Jobs Growth Incentive Agreement.

SECTION 6. That the remaining terms of the Jobs Growth Incentive Agreement remain in full effect relative to the Ordinance.

SECTION 7. That the Amended and Restated City of Columbus Jobs Growth Incentive Agreement be signed by Upstart Network, Inc. and TriNet Group, Inc., dba TriNet within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

SECTION 8. 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.