



## Legislation Details (With Text)

**File #:** 0142-2014      **Version:** 1

**Type:** Ordinance      **Status:** Passed

**File created:** 1/13/2014      **In control:** Development Committee

**On agenda:** 2/3/2014      **Final action:** 2/6/2014

**Title:** To authorize the Director of the Department of Development to enter into a Columbus Downtown Office Incentive Agreement with Exel Freight Connect Inc. and Exel Inc. as provided in Columbus City Council Resolution 0088X-2007, adopted June 4, 2007.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. ORD0142-2014 Exel Freight Connect Inc CDOI- Fact Sheet, 2. ORD0142-2014 Exel Freight Connect Inc - Site Map

| Date      | Ver. | Action By             | Action                  | Result |
|-----------|------|-----------------------|-------------------------|--------|
| 2/6/2014  | 1    | CITY CLERK            | Attest                  |        |
| 2/6/2014  | 1    | MAYOR                 | Signed                  |        |
| 2/3/2014  | 1    | COUNCIL PRESIDENT     | Signed                  |        |
| 2/3/2014  | 1    | Columbus City Council | Approved                | Pass   |
| 1/27/2014 | 1    | Columbus City Council | Read for the First Time |        |

**BACKGROUND:** The Columbus Department of Development is proposing to enter into a Columbus Downtown Office Incentive with Exel Freight Connect Inc. and Exel Inc.

Incorporated in 1983, Exel Inc. has a long history of providing third party logistics services across the United States, including Central Ohio. In order to expand its transportation offerings for its customers, Exel Inc. created a transportation brokerage operation in North America - Exel Freight Connect Inc. Exel Freight Connect Inc. was incorporated in 2013 and is fully backed by Exel Inc. The brokerage operation will leverage Exel Inc.'s existing managed transportation operation, dedicated fleet routes, and its base of warehouse customers. The service offerings include freight brokering, fulfillment, and administration.

Exel Inc. is proposing to lease approximately 26,000 square feet of office space located at 226 N. 5th Street, Suite 400 Columbus, Ohio 43215 to create a centralized brokerage operation near their corporate office in Central Ohio. Exel Inc. will accomplish an expansion of transportation service offerings as provided by Exel Freight Connect Inc., an affiliated company, which will occupy and equip the leased office space. Exel Freight Connect Inc. will invest approximately \$524,000 related to the acquisition of furniture and fixtures, stand-alone computers, and improvements to the existing facility. Exel Freight Connect Inc. will create 117 new full-time permanent positions with an associated annual payroll of approximately \$7.22 million to meet customer demands.

Exel Freight Connect Inc. and Exel Inc. would qualify for the Columbus Downtown Office Incentive in an amount equal to fifty percent (50%) of the amount of new employee city income tax withholding, or approximately \$361,000, over the incentive term of four (4) years with the possibility of receiving an additional cash payment of \$90,250 (total of \$451,250), should Exel Inc. exercise its lease renewal option to extend the lease term by a minimum of one (1) year, resulting in a total lease term of at least seven (7) years and a total incentive term of five (5) years. The Columbus Department of Development recommends granting the Columbus Downtown Office Incentive to Exel Freight Connect

Inc. and Exel Inc.

**FISCAL IMPACT:** No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Columbus Downtown Office Incentive Agreement with Exel Freight Connect Inc. and Exel Inc. as provided in Columbus City Council Resolution 0088X-2007, adopted June 4, 2007.

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

**WHEREAS**, Resolution 0088X-2007, adopted June 4, 2007, authorized the Department of Development to establish the Columbus Downtown Office Incentive Program as amended; and

**WHEREAS**, the Department of Development has received a completed application for the Columbus Downtown Office Incentive from Exel Freight Connect Inc. and Exel Inc.; and

**WHEREAS**, Exel Inc. is proposing to expand its transportation service offerings as provided by Exel Freight Connect Inc., an affiliated company. Exel Inc. is expected to enter into a 6-year lease agreement, with an option to renew for two additional three-year terms, for approximately 26,000 square feet of office space located at 226 N. 5th Street, Suite 400 Columbus, Ohio 43215; and

**WHEREAS**, Exel Freight Connect Inc. will invest approximately \$524,000 related to the acquisition of furniture and fixtures, stand-alone computers, and improvements to the existing facility and will create 117 new full-time permanent positions with an associated annual payroll of approximately \$7.22 million, generating new City of Columbus income tax revenue of approximately \$180,500 annually; 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 enter into a Columbus Downtown Office Incentive Agreement, pursuant to Columbus City Council Resolution 0088X-2007, with Exel Freight Connect Inc. and Exel Inc. for an annual cash payment equal to fifty percent (50%) of the amount of City withholding tax withheld on new employees for a term of four (4) years with the option to increase the term by one (1) year, should Exel Inc. exercise its lease renewal option to extend the lease term by a minimum of one (1) year, on the estimated job creation of 117 new full-time permanent positions located at 226 N. 5th Street, Suite 400 Columbus, Ohio 43215.

**Section 2.** Each year of the term of the agreement with Exel Freight Connect Inc. and Exel Inc. that a payment is due, the City's obligation to pay the incentive is expressly contingent upon the passing 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 3.** That the City of Columbus Downtown Office Incentive Agreement is signed by Exel Freight Connect Inc. and Exel Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

**Section 4.** That the Director of the Department of Development is hereby authorized to amend the Columbus Downtown Office Incentive Agreement with Exel Freight Connect Inc. and Exel Inc. for non-substantive modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these non-substantive 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 5.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.