



Legislation Details (With Text)

File #: 1211-2019 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 4/25/2019 **In control:** Economic Development Committee

On agenda: 5/6/2019 **Final action:**

Title: To authorize the Director of the Department of Development to enter into a dual-rate Jobs Growth Incentive Agreement with Root, Inc. for a term of up to six (6) consecutive years in consideration of the company's proposed capital investment of \$3,000,000.00 and creation of 863 net new full-time permanent positions with an estimated annual payroll of approximately \$60,840,596.00.

Sponsors:

Indexes:

Code sections:

Attachments: 1. ORD1211-2019 Root JGI Site Map, 2. ORD1211-2019 Root JGI Fact Sheet

Date	Ver.	Action By	Action	Result
5/9/2019	1	CITY CLERK	Attest	
5/8/2019	1	MAYOR	Signed	
5/6/2019	1	COUNCIL PRESIDENT	Signed	
5/6/2019	1	Columbus City Council	Read for the First Time	
5/6/2019	1	Columbus City Council	Approved	Pass
5/6/2019	1	Columbus City Council	Waive the 2nd Reading	Pass

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with Root, Inc. in an amount equal to (i) thirty-five percent (35%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) forty percent (40%) 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 six (6) consecutive years.

The primary line of business for Root, Inc. ("Root"), headquartered in Columbus, Ohio, is providing property and casualty insurance, in particular personal passenger auto insurance. Root relies on telematics and a customer's smartphone to deliver rates for good drivers based on their current driving data. Root was formed by a veteran of the insurance industry that saw a need to provide good drivers an insurance product that rewards them with low insurance premiums based on their driving ability. The company's auto insurance products are sold, administered, and monitored through a smartphone app. Root does not employ agents to sell or administer its products.

Root, Inc. is proposing to invest approximately \$3,000,000 in leasehold improvements to expand operations at multiple locations in the City of Columbus. In recognition of this, the project site shall be defined as all locations and operations located within the City of Columbus to expand and support headquarters and administrative operations including 80 E. Rich Street, Columbus, Ohio 43215. Additionally, Root, Inc. will retain 79 employees with an estimated associated annual payroll of approximately \$8,407,464 and create 863 new full-time permanent positions with a cumulative estimated annual payroll of approximately \$60,840,596 to support its growth.

Root, 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 Root, Inc. for a term of up to six (6) consecutive years in consideration of the company's proposed capital investment of \$3,000,000.00 and creation of 863 net new full-time permanent positions with an estimated annual payroll of approximately \$60,840,596.00.

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 Root, Inc.; and

WHEREAS, Root, Inc. is proposing to invest approximately \$3,000,000 in leasehold improvements to expand operations at multiple locations in the City of Columbus. In recognition of this, the project site shall be defined as all locations and operations located within the City of Columbus to expand and support headquarters and administrative operations; and

WHEREAS, Root, Inc. will retain 79 employees with an estimated associated annual payroll of approximately \$8,407,464 and create 863 new full-time permanent positions with a cumulative estimated annual payroll of approximately \$60,840,596 at the proposed project sites; and

WHEREAS, Root, 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 Root, Inc. at the project site by providing a Jobs Growth Incentive; **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 Root, Inc. equal to (i) thirty-five percent (35%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) forty percent (40%) 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 six (6) consecutive years.

SECTION 2. That should Root, 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-five percent (35%).

SECTION 3. That each year of the term of the agreement with Root, 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 Root, Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

SECTION 5. That City Council hereby authorizes the Director of the Department of Development to amend Root, 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 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.