



Legislation Text

File #: 2200-2016, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with OhioHealth Corporation and identified related entities (collectively “OhioHealth”) 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 for a term of ten (10) consecutive years; and (ii) forty-five percent (45%) 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 ten (10) consecutive years.

OhioHealth Corporation is an Ohio nonprofit corporation originally formed in 1891 to operate a sole hospital, known as the Protestant Hospital Association of Columbus, and has grown to become a multi-hospital health care system. The OhioHealth [hospital network] System includes ten hospitals that are owned by OhioHealth or another member of the OhioHealth System and one joint venture, Ohio Rehabilitation Hospital. Those eleven hospitals collectively have approximately 28,000 full and part-time employees, physicians on staff, and volunteers.

OhioHealth is desirous to invest an estimated \$89,000,000 in order to construct (\pm) 240,000 square feet of administrative office space and associated parking to be used by OhioHealth on their existing distribution center site located at 3420 Olentangy River Road Columbus, Ohio 43214 (parcel number 010-183740) (“*Project Site*”) in northwest Columbus and to provide further growth and expansion as more fully described below (together, the “*Project*”). OhioHealth commits to invest in both real and personal property and achieve the outlined employment commitments defined herein within a defined geographic area along Olentangy River Road and on Chatham Lane, known as the “*Olentangy River Road Corridor*”.

During the initial phase (Phase 1) of the Project, OhioHealth will construct at least 240,000 square feet of commercial office space on the Project Site; retain and relocate 1,222 full-time non-clinical jobs to the Project Site from other City of Columbus sites with an annual payroll of approximately \$81,700,000; relocate 155 full-time non-clinical jobs to the Project Site, from current non-City of Columbus sites with an annual payroll of approximately \$7,262,060; and create 256 net new full-time non-clinical jobs on the Project Site with an annual payroll of approximately \$15,100,000. As a result of investments made related to Phase 1, OhioHealth commits to achieve an employment level of 1,633 full-time non-clinical jobs on the Project Site to be completed no later than December 31, 2019.

In the subsequent phase (Phase 2) of the Project, OhioHealth commits to add 900 net new full-time, non-contingent, non-seasonal jobs, a mix of both clinical and non-clinical positions, with an annual payroll of approximately \$53,300,000 within the Olentangy River Road Corridor through relocation and net new growth.

In total, OhioHealth commits to achieve an employment level of 2,533 full-time, non-contingent, non-seasonal jobs within the Olentangy River Road Corridor, with at least 1,311 of those positions being net new jobs for OhioHealth in the Olentangy River Road Corridor and employed within the City of Columbus, no later than December 31, 2024. This would include the relocation of 155 full-time positions to the City of Columbus, the creation of 256 new full-time positions under Phase 1, and the addition of 900 full-time, non-contingent, non-seasonal jobs under Phase 2 no later than December 31, 2024.

FISCAL IMPACT: No funding is required for this legislation

To authorize the Director of Development to enter into a dual-rate Jobs Growth Incentive with OhioHealth Corporation and identified related entities (collectively “OhioHealth”) for a term of ten (10) years in consideration of investing an estimated \$89,000,000.00, retaining and relocating 1,222 full-time positions, relocating 155 full-time positions to the City

of Columbus, and creating 1,156 new full-time positions.

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 OhioHealth Corporation and identified related entities (collectively “OhioHealth”); and

WHEREAS, OhioHealth will construct (±) 240,000 square feet of administrative office space and associated parking to be used by OhioHealth at 3420 Olentangy River Road, Columbus, Ohio 43214 (parcel number 010-183740); and

WHEREAS, OhioHealth commits to invest in both real and personal property and achieve the outlined employment commitments defined herein within a defined geographic area along Olentangy River Road and on Chatham Lane, known as the “*Olentangy River Road Corridor*”; and

WHEREAS, OhioHealth will invest an estimated \$89,000,000 related to new construction expenses, retain and relocate 1,222 full-time non-clinical jobs to the Project Site from other City of Columbus sites with an annual payroll of approximately \$81,700,000, relocate 155 full-time non-clinical jobs to the Project Site, from current non-City of Columbus sites with an annual payroll of approximately \$7,262,060, and create 1,156 new full-time positions with a new annual payroll of approximately \$68,400,000; and

WHEREAS, OhioHealth has indicated that a Jobs Growth Incentive is crucial to its decisions to retain and expand their operation within the City of Columbus; and

WHEREAS, in furtherance of this investment being pursued by OhioHealth, the Department of Development is requesting up to \$40,000,000 to fund infrastructure improvements envisioned in and around the Olentangy River Road Corridor to support the redevelopment of the Project Site and adjacent developable parcels; and

WHEREAS, the City of Columbus desires to facilitate the future growth of OhioHealth at the Project Site and within the Olentangy River Road Corridor by providing a Jobs Growth 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 enter into a dual-rate Jobs Growth Incentive Agreement with OhioHealth Corporation and identified related entities equal to (i) thirty-five percent (35%) of the City of Columbus income tax withheld on the Columbus payroll of new employees for a term of ten (10) consecutive years; and (ii) forty-five percent (45%) 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 ten (10) consecutive years.

SECTION 2. If OhioHealth is not 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. Each year of the term of the agreement with OhioHealth, 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 OhioHealth Corporation within 180 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

SECTION 5. The City Council hereby extends authority to the Director of Development to amend the OhioHealth Corporation 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.