



Legislation Text

File #: 1949-2018, **Version:** 2

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with CoverMyMeds LLC (“CoverMyMeds”) in an amount equal to (i) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty-five percent (35%) 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 of up to eight (8) consecutive years.

CoverMyMeds LLC (“CoverMyMeds”), an operating company under McKesson Corporation, is a leader in electronic prior authorization (ePA) solutions, and one of the fastest growing health care technology companies in the U.S. CoverMyMeds’ software suite automates the medication prior authorization process for more than 500 electronic health records (EHR) systems, 49,000 pharmacies, 700,000 providers and most health plans and Pharmacy Benefit Managers (PBMs). By ensuring appropriate access to medications, the company helps its customers avoid billions of dollars each year in administrative waste and avoidable medical spending caused by prescription abandonment.

CoverMyMeds, in collaboration with a real estate development partner, intends to initially construct one (1) new approximately 200,000-square-foot Class A office building and ancillary amenities and may, at a later date, construct another one (1) approximately 200,000-square-foot Class A office building (total of approximately 400,000 square feet), one or more associated parking structures (hereinafter collectively referred to as the “Project”) to serve as a new headquarters campus for CoverMyMeds. This new headquarters campus will be developed in two phases with the first phase (“Phase 1”) including the construction of the first office building, the ancillary campus amenities, and surface parking. At a later date, a potential second phase (“Phase 2”) of the Project is projected to include the construction of the second office building and an estimated 1,150-space structured parking garage.

Subject to market conditions, Phase 1 is expected to be completed by the conclusion of calendar year 2021 with an anticipated investment of approximately \$100,000,000 and a potential Phase 2 may be completed by the conclusion of calendar year 2024, with an additional anticipated investment of approximately \$125,000,000. An additional \$15,000,000 is expected to be invested by CoverMyMeds to furnish the new campus. This new campus will be located along McKinley Ave. west of North Hartford Ave. on what is currently multiple parcels (collectively hereinafter the “Project Site”), which are located within the boundaries of the Columbus City School District and the West Franklinton neighborhood.

In total, this new headquarters campus Project is expected to support the retention and relocation of approximately 592 existing full-time permanent employment positions with an associated annual payroll of approximately \$43,162,000 from their current offices located at 2 Miranova Place, Columbus, Ohio 43215 and 41 South High Street, Columbus, Ohio 43215 to the Project Site. Additionally, CoverMyMeds expects to create approximately 1,032 net new full-time permanent employment positions with an associated annual payroll of approximately \$75,000,000 at the Project Site within the next five (5) years (by December 31, 2022).

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 CoverMyMeds LLC (“CoverMyMeds”) for a term of up to eight (8) consecutive years consideration of a total investment of approximately \$240,000,000, the retention and relocation of approximately 592 existing full-time permanent employment positions, and the creation of approximately 1,032 net new full-time permanent employment positions by December 31, 2022.

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 CoverMyMeds; and

WHEREAS, CoverMyMeds, in collaboration with a real estate development partner, intends to initially construct one (1) new approximately 200,000-square-foot Class A office building and ancillary amenities and may, at a later date, construct another one (1) approximately 200,000-square-foot Class A office building (total of approximately 400,000 square feet), one or more associated parking structures (hereinafter collectively referred to as the “Project”) to serve as a new headquarters campus for CoverMyMeds to be located along McKinley Ave. west of North Hartford Ave. on what is currently multiple parcels; and

WHEREAS, this new headquarters campus Project will be developed in two phases with the first phase (“Phase 1”) including the construction of the first approximately 200,000-square-foot office building, the ancillary campus amenities, and surface parking; and

WHEREAS, at a later date, a potential second phase (“Phase 2”) of the Project is projected to include the construction of the second approximately 200,000-square-foot office building and an estimated 1,150-space structured parking garage; and

WHEREAS, Phase 1 is expected to be completed by the conclusion of calendar year 2021 with an anticipated real property investment of approximately \$100,000,000 and a potential Phase 2 may be completed by the conclusion of calendar year 2024, with an additional anticipated real property investment of approximately \$125,000,000; and

WHEREAS, an additional \$15,000,000 is expected to be invested by CoverMyMeds to furnish the new campus; and

WHEREAS, CoverMyMeds is expected to relocate operations from 2 Miranova Place, Columbus, Ohio 43215 and 41 South High Street, Columbus, Ohio 43215 to the Project Site to be located along McKinley Ave. west of North Hartford Ave. on what is currently multiple parcels; and

WHEREAS, CoverMyMeds LLC is expected to retain and relocate 592 existing full-time permanent employment positions with an associated annual payroll of approximately \$43,162,000 and create approximately 1,032 net new full-time permanent employment positions with an associated annual payroll of approximately \$75,000,000 at the Project Site within the next five (5) years (by December 31, 2022); and

WHEREAS, CoverMyMeds LLC expects to create 1,032 net new full-time permanent employment positions with an associated annual payroll of approximately \$75,000,000 at the Project Site within the next five (5) years (by December 31, 2022) following construction and occupancy of the campus; thereby increasing job opportunities and strengthening the economy of the City; and

WHEREAS, CoverMyMeds has indicated that a Jobs Growth Incentive is crucial to its decision to expand operations in the City of Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of CoverMyMeds 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 CoverMyMeds LLC equal to (i) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty-five percent (35%) 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 of up to eight (8) consecutive years.

SECTION 2. If CoverMyMeds LLC 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 percent (30%).

SECTION 3. Each year of the term of the agreement with CoverMyMeds 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 CoverMyMeds LLC within one hundred eighty (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 CoverMyMeds LLC and 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.