



Legislation Text

File #: 3119-2018, **Version:** 1

BACKGROUND: The need exists to enter into an Economic Development Agreement with Fortuity Holding, LLC and Fortuity Calling, LLC (collectively, and hereinafter referred to as “Fortuity”) to facilitate the redevelopment of a vacant medical office facility adjacent to Mount Carmel West into a mixed-use commercial office space.

Headquartered in the City of Columbus, Fortuity Holding, LLC is a real estate holding company established in the fall of 2017. Fortuity Calling, LLC is a wholly owned subsidiary of Fortuity Holding, LLC, and will launch in mid-to-late 2018 as a full-service outsourced call center providing a range of customer support services to local and national companies including phone, chat, social media support, sms/text, email and mail/fax.

Fortuity is proposing to expand, renovate and redevelop a vacant medical office building adjacent to Mount Carmel West into a new Class A commercial office consisting of approximately 71,900 sq. ft. +/- at 750 Mount Carmel Mall, Columbus, Ohio 43222, parcel numbers 010-000814, 010-009985 and 010-051717 (the “**PROJECT SITE**”) in the Franklinton neighborhood. Fortuity is proposing to invest a total project cost of approximately \$12.44 million, which includes \$4.56 million in acquisition cost, \$5.379 million in real property improvements, \$2.0 million in working capital, \$300,000 in equipment and \$200,000 in furniture.

The proposed redevelopment is being undertaken as a Public-Private Partnership (3P) with the City that includes the rehabilitation of a structured parking garage of 300 +/- total spaces, of which 150 spaces will become public parking spaces.

Fortuity’s Project (the “**PROJECT**”) will contain approximately 45,000 square feet +/- of office space for Fortuity Calling, LLC’s corporate headquarters (HQ), and will make approximately 14,000 square feet +/- of space available at below-market rental rates to on-site nonprofit service providers initially including but not limited to a workforce development organization (Columbus Works), and a child care organization (Columbus Early Learning Centers), and approximately 10,000 square feet +/- of medical offices. The remaining approximate 2,900 square feet +/- of space will be used as common areas for the proposed tenants. In addition, Fortuity Calling, LLC will be the employer of record and has committed to create a minimum of 125 new full-time permanent positions with an estimated annual payroll of approximately \$3,620,400 at the proposed **PROJECT SITE**.

In support of Fortuity’s investment, the Department of Development will submit for City Council consideration legislation to authorize the Director of the department of Development to enter into an Enterprise Zone Agreement for a ten (10) year, seventy-five percent (75%) property tax abatement with Fortuity related to that part of the **PROJECT** involving the renovation of the approximately 71,900 +/- square feet of Class A commercial office space and the renovation of the approximately 92,204 sq. ft. +/- structured parking garage which contains approximately 300 parking spaces at the proposed **PROJECT SITE** being within the City of Columbus Central Enterprise Zone.

Additionally, the Department of Development will submit for City Council consideration legislation to authorize the Director of the Department of Development to enter into a Job Creation Tax Credit Agreement to begin January 1, 2020. The Job Creation Tax Credit is a non-refundable tax credit calculated as a percentage of the City income tax withholdings for eligible new employees and applied toward Fortuity Calling, LLC’s municipal tax liability.

Lastly, the Department of Development will submit for City Council consideration legislation to authorize a new 30-year, non-school Tax Increment Financing (**TIF**) District for the **PROJECT SITE** (expected first exemption year of 2020). The TIF District will be established in accordance with Ohio Revised Code Section 5709.41 and the legislation to create this TIF District shall provide that the TIF Payments in Lieu of Taxes (the “**PILOTS**”) be utilized for any purpose that is

permissible under Ohio Revised Code Section 5709.41. Any portion of the Project reimbursed from the TIF PILOTS must be constructed using State Prevailing Wage rates consistent with the Ohio Department of Commerce guidelines.

This legislation is presented as an emergency.

EMERGENCY JUSTIFICATION: This legislation is submitted as an emergency measure in order to enable the Director of the Department of Development to enter into an Economic Development Agreement with Fortuity to allow appropriate time for the company to coincide with the timing of the proposed redevelopment, investment and job creation in West Franklinton.

FISCAL IMPACT:

There is no fiscal impact for this legislation. No funding is required.

To authorize the Director of the Department of Development to enter into an Economic Development Agreement with Fortuity Holding, LLC and Fortuity Calling, LLC to facilitate the redevelopment of a vacant medical office facility adjacent to Mount Carmel West into a mixed-use commercial office space consisting of approximately 71,900 square feet +/- in West Franklinton, and to declare an emergency.

WHEREAS, Fortuity Holding, LLC is a real estate holding company established in the fall of 2017. Fortuity Calling, LLC is a wholly owned subsidiary of Fortuity Holding, LLC, and will launch in mid-to-late 2018 as a full-service outsourced call center providing a range of customer support services to local and national companies; and

WHEREAS, Fortuity is proposing to expand, renovate and redevelop a vacant medical office building adjacent to Mount Carmel West into a new Class A commercial office consisting of approximately 71,900 sq. ft. +/- at 750 Mount Carmel Mall, Columbus, Ohio 43222, parcel numbers 010-000814, 010-009985 and 010-051717 in the West Franklinton; and

WHEREAS, Fortuity is proposing to invest a total project cost of approximately \$12.44 million, which includes \$4.56 million in acquisition cost, \$5.379 million in real property improvements, \$2.0 million in working capital, \$300,000 in equipment and \$200,000 in furniture; and

WHEREAS, the proposed redevelopment is being undertaken as a Public-Private Partnership (3P) with the City that includes the rehabilitation of a structured parking garage of 300 +/- total spaces, of which 150 spaces will become public parking spaces; and

WHEREAS, Fortuity's corporate headquarters (HQ), will contain approximately 45,000 square feet +/- of office space and will make approximately 14,000 square feet +/- of space available at below-market rental rates to on-site nonprofit service providers initially including but not limited to a workforce development organization (Columbus Works), and a child care organization (Columbus Early Learning Centers), and approximately 10,000 square feet +/- of medical offices. The remaining approximate 2,900 square feet +/- of space will be used as common areas for the proposed tenants. In addition, Fortuity Calling, LLC will be the employer of record and has committed to create a minimum of 125 net new full-time permanent positions with an estimated annual payroll of approximately \$3,620,400 at the proposed **PROJECT SITE**; and

WHEREAS, the Department of Development will submit for City Council consideration legislation to authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement for a ten (10) year, seventy-five percent (75%) property tax abatement with Fortuity related to that part of the **PROJECT** involving the renovation of the approximately 71,900 +/- square feet of Class A commercial office space and the renovation of the approximately 92,204 sq. ft. +/- structured parking garage which contains approximately 300 parking spaces; and

WHEREAS, the Department of Development will submit for City Council consideration legislation to authorize the

Director of the Department of Development to enter into a Job Creation Tax Credit Agreement to begin January 1, 2020; and

WHEREAS, the Department of Development will submit for City Council consideration legislation to authorize a new 30-year, non-school Tax Increment Financing District for the **PROJECT SITE** (expected first exemption year of 2020); and

WHEREAS, the City is encouraging this project because of plans to establish the company's corporate HQ and the creation of new employment opportunities in the central city and West Franklinton; and

WHEREAS, the City desires to enter into such a binding formal agreement in order to foster economic growth for the preservation of public health, peace, property and safety; and

WHEREAS, an emergency exists in the usual daily operation of the City of Columbus whereby it is immediately necessary to authorize the Director of the Department of Development to enter into said agreement to provide the flexibility to be able to begin redevelopment of the proposed **PROJECT SITE** prior to the end of December, 2018, and to coincide with the private development timeline, thereby preserving the public health, peace, property, safety and welfare; NOW, THEREFORE,

NOW, THEREFORE:

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS:

Section 1. That the Director of the Department of Development is hereby authorized and directed to enter into an Economic Development Agreement on behalf of the City with Fortuity Holding, LLC and Fortuity Calling, LLC to outline plans and certain commitments of the parties relating to the proposed redevelopment of a vacant medical office facility adjacent to Mount Carmel West located at 750 Mount Carmel Mall, Columbus, Ohio 43222 in the West Franklinton.

Section 2. That the City of Columbus Economic Development Agreement is signed by Fortuity Holding, LLC and Fortuity Calling, LLC within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein are null and void.

Section 3. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this 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 passage if the Mayor neither approves nor vetoes the same.