



## Legislation Text

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**File #:** 0818-2019, **Version:** 1

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**BACKGROUND:** The need exists to amend Ordinance 3269-2018 approved by Columbus City Council on December 10, 2018, which authorized the Director of the Department of Development to enter into a Downtown Office Incentive ("DOI") Agreement (the "**AGREEMENT**") with BBI Logistics LLC ("**BBI Logistics**"). An amendment is now required to revise the initial incentive term and also to revise the 90-day period needed to execute the DOI Agreement to 90 days after the passage of this proposed legislation.

The ordinance authorized the Director of the Department of Development to enter into a DOI Agreement of fifty percent (50%) for a period of three (3) consecutive years in consideration of the company's proposed capital investment of approximately \$435,000 to renovate and equip a new commercial office space at 80 E. Rich Street, Columbus, Ohio 43215 ("**Project Site**"). BBI Logistics intends to retain and relocate 15 existing full-time permanent positions with an associated annual payroll of approximately \$615,000 from their current office operations located at 4449 Easton Way, Suite 330, Columbus, Ohio 43219 and expects to create approximately 150 net new full-time permanent positions with an associated new annual payroll of approximately \$8,175,000 at the proposed Project Site.

The Columbus Downtown Office Incentive Program allows an incentive term of two (2) years less than the lease agreement with a maximum incentive term of five (5) years. Subsequent to signing the **AGREEMENT**, and through ensuing correspondence, it was ascertained that the company entered into a longer lease agreement on the proposed Project Site. BBI Logistics originally planned on entering into a five-year lease agreement, which qualified the company for a three-year incentive term. However, the company decided to enter into a longer lease agreement of eight (8) years or 97 months, which qualifies the company for a longer incentive term. With a longer lease agreement, BBI Logistics now qualifies for a longer incentive term under the Columbus Downtown Office Incentive Program as authorized by Resolution 0088X-2007, adopted June 4, 2007.

On February 27, 2019, the Department of Development received a written notification from BBI Logistics requesting that the initial incentive term be amended to reflect a term of five (5) years instead of three (3) years as authorized by the original ordinance and to extend the window to execute the **AGREEMENT**.

This legislation is requested to be considered as an emergency in order to extend the incentive term from three (3) years to an incentive term of up to five (5) consecutive years so as to authorize the **AGREEMENT** with the correct incentive term and to revise the 90-day period needed to execute the DOI Agreement to 90 days after the passage of this proposed legislation in order to allow BBI Logistics LLC to begin investing and creating jobs as quickly as possible.

### **FISCAL IMPACT:**

No funding is required for this legislation.

To amend Ordinance 3269-2018, passed on December 10, 2018, for the purpose of changing the initial incentive term from three (3) years to an incentive term of up to five (5) consecutive years and to extend the window to execute the Downtown Office Incentive Agreement to 90 days after passage from this ordinance; and to declare an emergency.

**WHEREAS**, the need exists to amend Ordinance No. 3269-2018, which was approved by City Council on December 10, 2018; and

**WHEREAS**, the ordinance authorized the Director of the Department of Development to enter into a Downtown Office Incentive Agreement of fifty percent (50%) for a period of three (3) consecutive years in consideration of the company's

total capital investment of approximately \$435,000 to renovate and equip a new commercial office space at 80 E. Rich Street, Columbus, Ohio, 43215; and

**WHEREAS**, BBI Logistics intends to retain and relocate 15 existing full-time permanent positions with an associated annual payroll of approximately \$615,000 from their current office operations located at 4449 Easton Way, Suite 330, Columbus, Ohio 43219 and expects to create approximately 150 net new full-time permanent positions with an associated new annual payroll of approximately \$8,175,000 at the proposed Project Site; and

**WHEREAS**, subsequent to signing the **AGREEMENT**, and through ensuing correspondence, it was ascertained that the company entered into a longer lease agreement on the proposed Project Site. BBI Logistics originally planned on entering into a five-year lease agreement, which qualified the company for a three-year incentive term. However, the company decided to enter into a longer lease agreement of eight (8) years or 97 months, which qualifies the company for a longer incentive term. The Columbus Downtown Office Incentive Program allows an incentive term of two (2) years less than the lease agreement with a maximum incentive term of five (5) years. With a longer lease agreement, BBI Logistics now qualifies for a longer incentive term as authorized under the Columbus Downtown Office Incentive Program.

**WHEREAS**, in a written notice by BBI Logistics, received February 27, 2019, requested that the initial incentive term be amended to reflect a term of up to five (5) consecutive years instead of the authorized three (3) years as the company has entered into a longer lease agreement and the Columbus Downtown Office Incentive Program allows for such a term; and

**WHEREAS**, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an amendment to Ordinance 3269-2018 to revise the initial incentive term from three (3) years to a term of up to five (5) consecutive years and extend the window to execute the Downtown Office Incentive Agreement to 90 days after passage from this ordinance, to allow BBI Logistics LLC to begin investing and creating jobs as quickly as possible, thereby preserving the public health, peace, property and safety; **NOW THEREFORE**,

**BE IT ORDAINED BY THE COUNCIL OF COLUMBUS:**

**Section 1.** That Ordinance 3269-2018 is hereby amended to revise the initial incentive term from three (3) years to an incentive term of up to five (5) consecutive years and the window to execute the Downtown Office Incentive Agreement is hereby extended to 90 days after passage from this ordinance.

**Section 2.** That the Director of the Department of Development is hereby authorized to enter into a Downtown Office Incentive Agreement, pursuant to Columbus City Council Resolution 0088X-2007, with BBI Logistics LLC for an annual cash payment equal to fifty percent (50%) of the amount of City withholding tax withheld on new employees for a term up to five (5) consecutive years on the estimated job creation of 150 new full-time permanent positions to be located at 80 E. Rich Street, Columbus, Ohio 43215.

**Section 3.** Each year of the term of the agreement with BBI Logistics LLC 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 4.** That the City of Columbus Downtown Office Incentive Agreement is signed by BBI Logistics LLC within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

**Section 5.** That the Director of the Department of Development is hereby authorized to amend the Downtown Office Incentive Agreement with BBI Logistics LLC 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.** 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 approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.