



Legislation Text

File #: 0914-2019, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with Total Quality Logistics, LLC in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) 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 five (5) consecutive years.

Total Quality Logistics, LLC is a third-party logistics (3PL) provider that was founded in 1997 by Ken Oaks in Cincinnati, Ohio. The company is the 2nd largest freight brokerage firm in North America by Transport Topics magazine, posting more than \$445 million in net revenue off gross revenues of \$2.2 billion. The company at first focused on the transportation of produce, leveraging the experience and relationships that Ken Oaks gained while working for years as a buyer in the industry. As a 3PL provider of domestic freight transportation and logistics services, Total Quality Logistics, LLC connects customers with full truckload (TL) and less-than-truckload (LTL) services. The company has the ability to connect customers to their network of more than 65,000 carriers creating greater efficiency in transportation and keeps the economy moving. Total Quality Logistics, LLC arranges the movement of more than 1.5 million loads of freight each year. The company's sales topped \$2.9 billion and it employs more than 5,000 people in 57 offices nationwide.

Total Quality Logistics, LLC is proposing to invest a total project cost of approximately \$725,000 which includes \$325,000 in leasehold improvements, and \$400,000 in furniture and fixtures to expand its Columbus offices to accommodate its increased sales growth and strategic growth initiative. With this expansion, the company proposes to enter into a new separate lease agreement on vacant office space consisting of approximately 12,000 to 15,000 square feet at 585 S. Front Street, Columbus, Ohio 43215. Total Quality Logistics, LLC will maintain two locations, 585 S. Front Street and 640 S. Front Street, both sites are located in the Brewery District and are adjacent from one another; (collectively and hereinafter referred to as the **"Project Site"**). Additionally, Total Quality Logistics, LLC will retain 161 full-time jobs with an annual payroll of approximately \$9.0 million and create 60 net new full-time permanent positions with a cumulative estimated annual payroll of approximately \$2.67 million at the Project Site.

Total Quality Logistics, LLC is requesting a dual-rate Jobs Growth Incentive from the City of Columbus to assist in the expansion of this 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 Total Quality Logistics, LLC for a term of up to five (5) consecutive years in consideration of the company's proposed capital investment of \$725,000.00, the retention of 161 jobs and the creation of 60 net new full-time permanent positions with an estimated annual payroll of approximately \$2.67 million.

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 Total Quality Logistics, LLC; and

WHEREAS, Total Quality Logistics, LLC is proposing to invest a total project cost of approximately \$725,000 which includes \$325,000 leasehold improvements, and \$400,000 in furniture and fixtures to expand its Columbus offices to accommodate its increased sales growth and strategic growth initiative; and

WHEREAS, with this expansion, Total Quality Logistics proposes to enter into a new separate lease agreement on vacant office space consisting of approximately 12,000 to 15,000 square feet at 585 S. Front Street, Columbus, Ohio 43215.

WHEREAS, Total Quality Logistics, LLC will maintain two locations, 585 S. Front Street and 640 S. Front Street, both sites are located in the Brewery District and are adjacent from one another; (collectively, and hereinafter referred to as the “**Project Site**”); and

WHEREAS, Total Quality Logistics, LLC will retain 161 full-time jobs with an annual payroll of approximately \$9.0 million and create 60 net new full-time permanent positions with a cumulative estimated annual payroll of approximately \$2.67 million at the proposed Project Site to support its strategic growth initiative; and

WHEREAS, Total Quality Logistics, LLC has indicated that a Jobs Growth Incentive is crucial to its decision to expand its Columbus operation within the City; and

WHEREAS, the City of Columbus desires to facilitate the future growth of Total Quality Logistics, LLC 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 Total Quality Logistics, LLC equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) 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 five (5) consecutive years.

SECTION 2. That should Total Quality Logistics, LLC 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 twenty-five percent (25%).

SECTION 3. That each year of the term of the agreement with Total Quality Logistics, 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 Total Quality Logistics, LLC within 90 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 the Department of Development to amend Total Quality Logistics, LLC’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.