



City of Gahanna

Meeting Minutes

Committee of the Whole

200 South Hamilton Road
Gahanna, Ohio 43230

Merisa K. Bowers, Chair
Karen J. Angelou
Nancy R. McGregor
Kaylee Padova
Stephen A. Renner
Michael Schnetzer
Trenton I. Weaver

Jeremy VanMeter, Clerk of Council

Monday, October 24, 2022

7:00 PM

City Hall, Council Chambers

A. CALL TO ORDER:

Vice President of Council Merisa K. Bowers, Chair, called the meeting to order at 7:00 p.m. The agenda for the meeting was published on October 21, 2022. President Renner was absent from the meeting. All other members were present for the meeting. There were no additions or corrections to the agenda.

B. ITEMS FROM THE COUNCIL OFFICE:

[2022-0301](#)

Ohio Division of Liquor Control Notice to Legislative Authority: Permit STCK 10306370005

Mr. VanMeter noted that the notice for Jordan's Deli is in reference to a stock ownership update through the Ohio Division of Liquor Control. He said that unless there was a request for a hearing, no action was required. There were no objections from the Division of Police to the permit. There were no requests from Council for a hearing.

C. ITEMS FROM THE DEPARTMENT OF ECONOMIC DEVELOPMENT:

[ORD-0062-2022](#)

AN ORDINANCE TO AUTHORIZE THE MAYOR TO ENTER INTO A REVISED DEVELOPMENT AGREEMENT RELATED TO THE PROJECT KNOWN AS THE CRESCENT AT CENTRAL PARK TO SUPPORT RELATED INFRASTRUCTURE NEEDS OF THE PROJECT AND EXPANDED USES WITHIN THE DEVELOPMENT SITE

Nate Strum, Director of Economic Development, noted this item is coming back from two weeks ago. There was an initial conversation around this and with a number of questions that he was not prepared to answer that evening. Strum introduced the development team on this project in attendance tonight as follows: Aaron Underhill, Of Counsel to CASTO, Griffin Caldwell

Development Associate from CASTO, and Kolby Turnock, Vice President of CASTO Communities. He noted that there were a couple questions from Council previously related to some of the documents in question that were originally presented two weeks. He said that attached to the Ordinance is an updated redline that Mr. Underhill's office was able to take a look at back at the original document and update that red line accordingly. He said the other thing that was asked by Council was to take the initial financial estimates on this project that Council reviewed 18 months to two years ago and redigest them a little bit, putting that package back together. Strum explained that what he did was run the original project through the existing return on investment (ROI) calculator. He made some assumptions, not necessarily reflective of the developers themselves but on other comparable projects and products in the marketplace today and what that reflective value would be, as well as job estimate numbers based on best practices. He re-ran the numbers on the ROI for the proposed new project. Strum explained that what the Committee will see this evening in those ROI packages is that under the original arrangement it was about a five percent ROI with the hotel, event center, etc., plus the New Community Authority (NCA). Strum is happy to review any of that with the Committee. His office did not run an analysis on the NCA projections as those were included as part of the CASTO team's submission. Under the updated analysis that Strum's office ran related to the ROI, including some additional job numbers and inclusion of Tax Increment Financing (TIF), we have an 85 percent return on investment plus the NCA valuations that were not included in this part of that calculation. With that, Strum turned it over to Mr. Underhill and the team to start walking through the PowerPoint that they provided.

Mr. Underhill introduced himself as with the firm Underhill & Hodge. He said this is a project that has been in the works for several years. They worked very hard on it previously and wanted to walk through the changes to their plan and the financial model that they are asking Council to bless. He first showed the approved site plan from a couple of years back. This had a mix of uses they committed to at the time. In addition to the multi-family, they held back four acres of the site for marketing for office purposes for a seven-year period. Underhill stated that since that time, they have had some things change mostly for the good. However, in terms of the private side, they have had some things happen that have really changed how the scope of the deal needs to work. He then noted that the proposed site plan really is not markedly different. However, what they are most excited about is up in the northwest corner, the northern portion of the site where there is a medical office prospect that they have that is going to bring significant payroll to the city. He thinks this will continue to capitalize on some of the things that have happened at Buckles Court North. Underhill said he thought that everyone would agree this has been a very good success. There has been a strong market here. Underhill thinks the multi-family, even though it has not been built yet, has really been attractive in getting these users to get interest in the site. He noted that this user in particular, who for confidentiality reasons cannot yet be named, is particularly attracted to the site due to that multi-family coming into play later for their employees to have a place to live. Underhill stated that

this increases the multi-family acreage by 2.2 acres. If you look at what was approved previously, they are going from 264 to 296 units. From a purely legal and technical standpoint, he explained that the previous approval would have allowed up to 312 units. As they went through the process with Council, that got down to 264. He said they could fit all of these units on the site as it exists today but the impetus for increasing the size of the project in terms of its land area is to accommodate the clubhouse, moving it southward. He showed on the screen a little pool on the southern part of the site on Tech Center Drive. That is where they are moving the clubhouse. He shared that this is mostly to accommodate this relatively significant office user up on the north end. In place of two hotels and an event center is the 50,000 square foot medical office facility. He said the numbers are shown later in the presentation but there is a very significant payroll and very much of a benefit to the city from a financial standpoint from having this use as compared to the hotels. They did believe in the hotels at one time in terms of their ability to become a reality and generate some bed tax revenue, but this opportunity presented itself and is really a "no-brainer." He reiterated they have a user that they know is real. It is not speculative, and they know they are going to have a much bigger financial impact positively on the city than they would have otherwise. With this, they are exceeding what was the previous four-acre office commitment and proposing to have seven acres of office. He showed another slide of the project versions side-by-side. He noted that you can see that this is largely the same project but just with a little more land area. He zoomed to the location on the map where they had proposed previously the hotels and event center. This is where they are replacing with the office building. He added this was a very conceptual layout, but in order to accommodate the parking needs of the project at 50,000 square feet seven acres is required. He thought Council might why they are back in front of them. He said the main reason here is that the underlying property owner per their previous contract had committed to making a substantial investment in the north-south public street that is to be put into place. For various personal reasons, which Underhill said for privacy purposes he did not want to get into, the seller was unable to perform. As a result, he said they have spent the better part of the last year-and-a-half trying to roll up their sleeves and figure out how to make this work. He said they have an approved project here, but essentially a much more expensive project requiring a lot of capital outlay, not only for the project itself but with CASTO taking down the entirety of the 41 acres and developing. They will be working on the office development and marketing the other perimeter properties on its own. So, he said this is going to outweigh the money for that. And then additionally, the investment that was going to be made into the north-south public street is now much more significant with CASTO having to bear that burden. This is why they are back tonight. Underhill said they are a believer in the project in terms of what it is going to mean financially as a city and its benefit. While they thought it was very much a positive previously, this is really is about as good as it gets. They are extremely excited to bring forth the project, including the medical office and by adding a number of units here. it helps with the TIF and what it will generate over a period of time. Underhill said multi-family uses, as discussed last time, tend to really kick off a good deal of TIF money, and the additional units are

going to be critical to making the numbers work here. As it relates to the numbers, they have worked closely with Strum on comparing apples to apples. The approved plan was anticipated over a period of 30 years to generate about \$55 Million in public revenues. With this proposal, they are looking at \$73 Million, or a net of more than \$18 Million. This is largely due to this medical office user and also due to the additional units that can be thrown into the TIF and generate revenue to pay for the street. He said that at some point they will flow back into the City's coffers for other development or public infrastructure opportunities. To compare what this meant in terms of losing those hotels and the bed tax associated with it and in comparing that to the income tax generation from the medical office user, Underhill pointed to the slide that shows this is where the lion's share of the increase is coming. He said these numbers are really fantastic and he thinks are another reason to support the change to the plan. He noted that the original development agreement itself he believed had been executed by the City, but due to the issues going on with the seller at the time, they were unable to get a signature on that agreement previously for the reasons he has described. He explained that what they are doing is taking the existing agreement and modifying it before it was fully executed. With CASTO and its related LLC having control over the property, it has the ability to sign that agreement and see this all come to fruition once and for all. Underhill said he is happy to take any questions.

Vice President Bowers asked whether Mr. Caldwell or Mr. Turnock had anything that they wanted to present in terms of the project or the proposal. They did not. Bowers asked to kick off discussion on the financial changes from the approved agreement to what is in front of Council now and what CASTO is asking for. Bowers appreciated that Underhill has gone over the site plan differences, but she thought Council would also like to hear an overview of the differences in terms of financial asks. Strum said the principal request for part of this project was an adjustment to the projected TIF. In the initial project, Strum said he believed the request was for a \$1.2 million dollar inclusion of TIF revenues to support infrastructure on the property. He asked if Underhill could confirm. Underhill said the number was \$1.4 Million. Strum said that this has jumped up to \$4.5 Million, which is significantly more. Strum said he thought Underhill articulated well in that the project has changed pretty substantially. He said he believed there was an obligation as part of the original development agreement to have the underlying seller handle a lot of the initial upfront cost in the infrastructure. The City was just kind of the backstop of some of the improvements. Strum explained that the TIF would now take on the full responsibility of the public infrastructure associated with the project, including the road, water sewer, etc., servicing the new parcels. Strum said based upon his calculations, you do a 20 percent on the first 10 of the initial projections. He said that is the 80 percent Community Reinvestment Area (CRA) valuation off the top. You take 20 percent of that as the TIF pilot off the baseline and then you do 100 percent for the balancing 20 years. He explained this is how you are going to calculate some of those values out. Strum noted from Jeff Harris' Committee presentation from six weeks ago, it is in the City's best interest to have trust and to verify the developer's

numbers with his numbers to find the truth somewhere in the middle. At the end of the day, Strum thinks you can see with this model (CASTO's derived model and also his model) in looking at what the anticipated re-pops are going to be, the City is safely in the black. Bowers asked if Strum could summarize all of the incentives at play in this project. She knows there is an NCA that is being developed. There is the TIF that has been discussed. Could Strum go over the CRA? Strum said the site itself is located in a pre-1994 CRA, which is an 80 percent, 10-year tax abatement on the approved values of the property in question. The developer is also requesting TIF proceeds in excess of \$4.5 million in support of the public infrastructure needs associated with the project. With the NCA, Strum said candidly, using NCA as a term in the incentive side of this really a value to the City, as it is generating various roll-off dollars from taxes generated on the property that are specifically geared towards public improvements and park development and the park expansion across the street with some of the NCA dollars being dedicated to it. The NCA offsets some additional public dollars that would normally have gone towards that project. The NCA would not have existed if not for the project. Strum said as a result it is hard to calculate and that is why he did not want to include it as part of his traditional ROI calculations. He noted the City does not typically deal with NCAs. Although, he could certainly pull those values back if Bowers would like. However, Strum wanted to provide a "baseline plus" as part of his ROI spreadsheets. He asked Mr. Schultz to pull this up and project on the screen (attachment 13 to the Ordinance). Strum said what is important in the Excel sheet is how it flows back into the math. In the second notebook of the Excel file, Strum explained there are TIF estimates at a 4.569 valuation. The total value of the abatement on the property is \$8.9 million dollars total. He noted that the buildings are not valued to the City and not calculated as part of the equation, but the total payroll is. Construction income tax is also included in there. Construction sales tax is not, but it is a generation. Total school compensation on the project is \$22 Million. Projected TIF payments that he calculated are in excess of \$15 Million. He said CASTO's number was \$14 Million. Strum said he did a very conservative calculation on his model. The total compensation of investments of the city is over \$66 Million with an outlay of about \$35 Million through all phases. He noted that each of the notebooks in the Excel represents a different component of the project: the commercial being just at a retail commercial element, the multi-family being what has been discussed this evening with the expansion of housing units, the medical office, the fueling station, and then the comps. He said the comps is probably the most important sheet of all from a TIF standpoint as it shows you exactly what we are copying against in the marketplace. Strum said they did their best to identify comparable sites throughout all of Gahanna that help us determine a baseline on what these values could be expected to be at the completion of their project. For the fueling station, they use as a comparable the UDF on Johnstown on the west side. For the medical office, they use a facility over in the existing Officenter park off of Morrison and Tech Center Drive. For the multi-family, they use The Parc on Hamilton Road. For the commercial, they use Rocky Fork for comparable. Strum is very confident in the comp values, the building values, and how they generate into the TIF. He believes they are

to be exceptionally accurate.

Councilmember Weaver asked for Strum to walk Council through the impact of the State Infrastructure Bank (SIB) loan on the repayment. Strum said this had been brought up previously and since that conversation and what was included in the initial staff report, the City is going to be evaluating other potential obligations and pass-throughs. He said Director Bury is going through her own analysis internally as it relates to options for the City. He stated that the SIB is a pass through in this instance. CASTO would be looking to recapture some of those values. He noted that the reason why that is important is cash previously has been very inexpensive and you are able to capitalize a lot of these things in a much more rapid rate, but in today's marketplace with the increase in interest rates, debt has become more expensive and so you are trying to identify lesser expensive resources to funnel into these projects to serve as interim financing tools. The SIB is one of those tools that could be done in this capacity. They could do a 10 or 20-year note at less than three percent interest. That would be a significantly lower rate than what you could find in the open marketplace if you were to do another debt loan. Strum said that given the City's debt capacity and considering some of the aspirational goals the City has for next year, we are evaluating other resources that could be supported that may not come in in the form of debt, such as a SIB or something of that nature.

Vice President Bowers asked for clarification. Strum said to be clear, this proposal does not obligate the City to do anything with the SIB. This was referenced as part of the report, but they do not have an agreement or term sheet or anything with Ohio Department of Transportation (ODOT). Bowers said she understood. She wanted for Strum to explain a little bit more about what he meant about other financing options that the City would undertake for CASTO. Strum said he thinks this depends on what CASTO is looking for as part of the project. He thinks the conversation they had with him was trying to find an interim financing tool that could be recaptured and repaid through the TIF itself. The SIB would serve as a pass through as that interim initial piece until the TIF fully matures and allows for debt repayment, which could happen as soon as the 10-year mark give or take. Strum said that at this point there would be enough to start repaying things, which was really the point in what they were looking for. There is no \$4 Million plus a \$2 Million on the SIB. It is about trying to get an interim financing vehicle to support the initial infrastructure tranche. Underhill said from CASTO's perspective it is all about getting an interest rate that makes sense. This is using the City as a way to get cheaper financing mechanisms and to use the TIF to support it. Underhill said this makes a lot of sense and over the long run saves a lot of dollars in interest.

Councilmember Schnetzer asked Director of Finance Joann Bury, if the City were to enter into the SIB loan, does it count against the City's debt capacity or does it fall outside? Bury said it falls outside the debt capacity. She added that as part of the state program when you go into the SIB agreement, you have to clearly state what you are pledging to repay that SIB loan. Bury said

depending on the timing of when that SIB would be issued, when the funding would be drawn down, and when the TIF would start to produce, it is kind of difficult. Schnetzer said he understood. Strum added that as a point of reference when Council did the last SIB arrangement with the ADB project the City had a fully guaranteed deposit from the company on hand in a separate account within the City and is then using grant dollars to backfill that off. He said the worst-case scenario was holding \$1.4-\$1.5 Million in the bank and then as they are eligible for reimbursement off of grants, that number gets lowered. There is then a release back to them and then at the end of the day, the City uses the balance of that to pay off the rest of the SIB. So, that was what we were able to show as a guarantee to the state for those repayment purposes. Strum said that repayment process has not been identified with CASTO, nor has it been articulated as part of any future arrangement. Schnetzer said the City has essentially taken a few steps down the path to very large capital improvement project here in the near future. With that said, just as it is written in this agreement, is there anything that Council should be aware of, any constraints that this agreement might create, with regard to that very large capital improvement project? Bury said as far as the projections going forward and when the TIF will produce, typically how other arrangements have been made is that the developer undertakes some sort of debt instrument on their end, and then basically the City sets up repayment to them from the TIF based on certain percentages as it starts to produce. She said this is very similar to the Eastgate projects or the Hamilton Road project, where the City is not issuing any debt and not going towards our limitations but are basically pledging through a TIF arrangement that the City will make certain payments so that they can meet their debt service or repay them on a reimbursement basis if they are not issuing debt on their end. Bury said that not being fully versed in all the arrangements that are currently there, she cannot speak to anything associated with that. She suggested Strum or CASTO might want to go into a little bit more detail on those. Schnetzer said to provide a bit more context, he is familiar with sort of the typical arrangement, which frankly is the one that Council has already agreed to where the City will reimburse the developer to the tune of \$1.4 million from TIF revenues as they accrue. The wrinkle that Schnetzer is trying to understand a bit better is entering into an agreement with the state for a SIB loan (and to Bury's point about needing to tell the state how we are going to pay them back if the TIF is not necessarily producing for some period of time, whether it is six months, 18 months, or 24 months). Does that gap in timing and potential payments raise any concerns for the City's ability to finance or fund other projects that it has on the horizon? Bury said it would all be based on the timing of the draws because with the how the SIB arrangements are written, you are kind of at a zero- interest for a certain amount of time to allow that construction to begin and those draws to start. Once the first draw is made on those funds, then they establish what that repayment looks like based on the resources that you pledge. She said, therefore, that is where the timing could potentially cause some problems if the draw for the project begins, the term comes, and we have to start making payment, and the TIF has not begun producing at the level expected. At that point, Bury said the City would have to find other resources to meet those obligations until the TIF starts

producing and we can repay ourselves. Schnetzer said it sounds like a key takeaway is there is a little bit more homework involved before we jump into this. He said we need to basically understand the timing a little bit better.

Councilmember Angelou asked what the other areas would be if the TIF was not producing. Bury said the City would need to meet the obligations. She said most of the City's funding, depending on what type of infrastructure we were talking about, if it is road or street related, we could look at our gas tax availability. Also, we could look at the availability of permissive tax dollars to use. It just depends on what the infrastructure improvements are and what resources that we have that are allowed to be used for that purpose.

Councilmember Schnetzer said he assumed the ROI spreadsheet was Strum's. Strum confirmed. Schnetzer asked how a potential change in that millage rate over the life of this agreement impact Strum's ROI calculations assuming that went higher than the number that is shown up there. Strum demonstrated through the sheet with a new number of 105 as the millage rate. Schnetzer said the recalculation appeared to show that as the millage rate goes up, the value of the abatement goes up and the value of the cost of that abatement is borne by the city. Is this correct? Strum said this is correct. It is part of the existing arrangement with the schools. Schnetzer said he also wanted to understand some of the mechanics and maybe simplifying what is shown on page five. This is under section four, reimbursement of costs. Schnetzer said as he understands the previously agreed to terms, the original estimated cost of the public infrastructure were \$3.4 million dollars of which \$1.4 million the City had agreed to cover by way of future TIF revenues. Strum said that is correct. Schnetzer said that is roughly a 60-40 split, with 41 percent being City and 59 percent being developer. He wants to make sure he understands correctly that the new estimated costs listed in the present proposal are \$4.4 Million. Schnetzer said Strum has shown a number slightly higher than that. Strum said he is adding capitalized interest and some other costs trying to be as conservative as possible. Schnetzer continued, stating the new agreement, whether it is through a SIB loan or just outright City pays by way of TIF revenues, suggests that the City is on the hook for 100 percent of the cost. Strum confirmed that is what they have requested as part of the revision and that Schnetzer is absolutely correct. Underhill added that one thing he neglected to mention in his presentation is that with the medical office, they are basically going to be selling that at a break-even on the land. He added that it is really not a money maker, but CASTO felt it was important for the City. He said it is important for the City, but they also thought that being able to do that and getting that user there helped with CASTO's ask on the other end and getting the money out of the TIF. He emphasized that the City would be getting a lot more income taxes than were ever dreamed should which CASTO believes will happen. Underhill said TIF dollars are the portion of the real estate tax bill that in truth is three or four percent or something like that, so the City is getting more money in its pocket, but in terms of the TIF it is coming from other places, rather than directly from the City's pocket.

Councilmember Padova asked Councilmember Schnetzer to repeat the

statement that Strum verified was correct. Schnetzer said there is an existing agreement that was entered into April 2021. In that existing agreement, the City had agreed to reimburse the developer for \$1.4 million dollars of the total public infrastructure costs, which at that time were estimated to be \$3.4 million. Those costs have now gone up like a lot of things. The new ask is that in essence, whether it is through a SIB loan or direct payments, the City by way of the TIF covers 100 percent of those costs. Instead of just \$1.4 million, the ask is now somewhere in the ballpark of \$4.4 Million to \$4.5 Million.

Vice President Bowers said when we are looking at addressing a millage rate change, if that millage rate did not change for the first five years, we would not see quite that additional load. Is that right? Is that assuming that the millage rate changes effective immediately? Strum said you calculate property taxes in arrears, so if you updated the millage rate to 105 in 2024, it would go into effect actually tax year 2024 and not collected until year 2025. It would be delayed 12 months from deferral. In this instance, there is a tax abatement in place at 80 percent calculation, so it would be a reduction over 80 percent of the increased value for the first 10 years. Strum added that you would not capture the true increase of that millage until year 11, or tax year 11 of the project. Bowers asked for more simplification in the explanation. Strum said property taxes are done in arrears. Bowers responded that if the millage rate does not increase hypothetically for five years, then we would not see the first five years of the abatement period is going to still be at the existing millage. Strum said this is correct. Strum asked if he should be aware of a millage increase of 11 points in the next three years. Bowers noted that they are not decreasing, but she does think it is fair to anticipate an increase over the life of this abatement. Strum agreed. He said they show the increased value of the land at a one point on the spreadsheet. Looking at this again, he has a future growth rate of 1.16 but Bowers is right that Strum did not have an increase in the millage rate across. Strum said he could go back into these numbers and look at a millage rate with a with a similar future growth rate tied to it over the period of 30 years. Bowers said the abatement only is in place for 10 years. Strum said this is correct, but you are still going to want to see that millage rate over 30 to recapture what the updated value of the abatement could be, what the increase of TIF would be. He said you are going to see increases in the TIF value over that same period of time, too. Bowers added that from a cost to the City that cost falls off after year 10. Strum said correct. This is a non-school TIF.

Councilmember Schnetzer thanked all for all the information. He wants to understand all the moving parts here, well aware that markets have changed considerably in the last two-and-a-half years or so. Schnetzer said Underhill commented just a few minutes ago about breaking even on the office tenant. Could Underhill help him understand that a little bit? Could he explain some of the economics? Underhill said CASTO is going to be buying the land at a number and then selling it again to the third party for them to build. They will not be CASTO's tenant necessarily. They are going to own their building and

in order to make this work for them and for CASTO, CASTO needs to make its money back at least. He added that what they are willing to pay for the ground is going to be basically the same as what CASTO will be paying to purchase it. Underhill said it will be within reason, a net zero in terms of the transaction, but it does add other value to the property. Schnetzer asked how did that change or contrast versus the original agreed upon vision from just roughly 18 months ago where there was some hospitality, some commercial, and some office albeit maybe a little bit smaller in scale? Schnetzer assumed that was profitable. Underhill said yes and added that one of the points here with the underlying private business deal was that there were circumstances where he thinks the current property owner was going to be throwing the land into partnership deals and things which made that money and cash that did not need to be outlaid up front. Underhill thinks what we are seeing is a strong office market in this area. He said he thinks Larry Canini has done a fabulous job marketing all of this and Buckles Court North. Underhill thinks CASTO sees some opportunity for a little more office today. With the hotel market, when they were going through this in the midst of COVID-19, they did not know what the world was going to bring. Underhill said the hotels are not getting the same room rates as they used to and not as much interest outside of really big employment centers for doing two hotels for sure. He reiterated that anytime you can do a deal of this magnitude with this payroll, it just made a lot of sense for the project, and he thinks there is still opportunity for more retail or a gas station. Maybe it is something else, but CASTO thought this opportunity was too good to pass up, especially with the medical office market continuing to grow. It really made a lot of financial sense even from a carrying cost perspective of sitting on ground for three or four years. In getting the right hotel user in there, who knows when that would happen? Whereas, Underhill stressed this opportunity now is a certainty. Schnetzer said there is no "gotcha" here with his next comments, but he is trying to find out what the motivation is behind the ask. He explained he has electors that he must answer to as well if we are going to commit capital or financial resources to the project. Schnetzer wants to go back in time just a few years. This predates Strum, Mayor Jadwin, and about half of Council. His understanding was that the original vision was the City wants the income tax to fund parks and public safety, etc., and suburban office is the City's highest and best use. Schnetzer believes suburban office was viewed as kind of the market at that time. It was necessary for some commercial to be in play, consisting of things like Starbucks, Chipotle, etc., so that those office tenants could have somewhere to go for lunch or grab a coffee, but the problem with that mix of just suburban office and commercial was that the commercial would essentially die on the vine after 5:00 p.m. when everybody went home. So, this is where the residential comes into play. Schnetzer said that what he is seeing is that basically commercial is being stricken from the plan here, we are scaling up the office a little bit, and scaling up the residential a little bit. What is the justification for the residential if there is no commercial? Underhill said there is going to be commercial here. They have shown a plan with a retail component. It may be a gas station, which is perhaps not the sexiest use but convenient for employees. Opportunities for Starbucks and things are still there. He added that they have shown a site with some more office on

here. Whether that comes to be or not, he does not know. Those could be office or retail. They think there is retail viability there. Underhill thinks the same view of the world is there in terms of the residential helping to support that. The residential has been critical in terms of getting a user like the one they are going to have in the north section because it does provide some convenience for the people to live right there. Strum noted that his office does active business protection and expansion visits. There is an existing office client just down the road, Ohio Urology, and they have expressed interest of having proximity for their medical staff living there. They have struggled in the recruitment of doctors and other professionals for their spaces due to the lack of housing, specifically for rent housing with early-stage professionals coming into the marketplace. Having close proximity to new housing has been an added benefit to what they have been exploring. Strum said they are sharing with him their interest in that residential piece. That is an existing operator in the space. He added there are other employers within probably a five- or ten-minute drive that he would imagine are also interested, especially when they are recruiting younger professionals into their workplaces. These are all paraprofessionals or better who are looking for this type of opportunity to have people be able to move into the marketplace in a quality product with easy access. Schnetzer asked if this was the target market for that residential. Underhill said absolutely. He can see support staff and nursing staff being the sorts that live here. This could be nurses who have just graduated from nursing school. He discussed the differences generationally in what is attractive. He is used to driving around in a car and going where he wants. In today's generation of new, young professionals, they want to ride their bike over to their office or walk over there and be able to go home for lunch. Underhill said the target is exactly the young younger professional. Strum added that this is also why the park plan was to be expanded across the street. Strum just worked on a grant with Director Ferrell (Parks & Recreation) for doing some expansion and connectivity work across the way on Hamilton to better connect the park in this space into our existing parks and trail systems for that exact reason. He shared that the City has been trying to capitalize on some of these units to make its own applications as competitive as possible because the City sees these individuals either living and working in this space and then traversing and utilizing Gahanna's existing systems. Schnetzer said it sounds like the ROI and the appeal from the City's perspective really hinges on that north tenant. Could CASTO commit to that? Could CASTO put that in the agreement? Underhill said he needed to think through that. He thought maybe they could condition various obligations on this happening. He said he would hate to be in a position with a third party involved. They have to buy the land. They have to perform. CASTO believes they will but would hate to potentially be penalized on CASTO's end in terms of breaching a contract or something if it did not happen with the third party. He said there is likely a way to condition CASTO's obligations on that happening and that way the City has some protection if it does not happen. He said it is a totally different deal if that does not happen from both CASTO's and the City's perspectives. Underhill said that is something they would be willing to closely look at and make a commitment to. Schnetzer expressed his thanks.

Councilmember Angelou said concerning that question, this third party potentially will purchase the property and then remain in it and build their own thing. So, they will own this. It will not be anything where they will be renting things. She thought this was a good thing. Underhill said it shows a commitment and the City is not worried about different tenants coming in and out and having vacancies. Underhill does think this is important to the stability of the project and that it is a single tenant. Strum said about a month ago he sat down with Councilmember Weaver and Councilmember Padova, talking at a high-level about this. Strum echoed Underhill in sharing that when you have an owner-occupied space, it is a much different extended ROI with a level of commitment than what you have from an outside investor standpoint. Strum thinks one of the challenges that we have across the is that you have several different older mid-90s or even early 2000s or late 80s-ish office buildings that are owned by outside investors from outside Gahanna, outside the region, outside of the state. So, there is no rush for them to backfill some of those spaces. Those that are owned locally (Daimler) here in the marketplace, they are trying to backfill them as best we can, but we have a couple that are not. Candidly, Strum said the one the City is exploring is owned by a company out of Minnesota, and they were in no rush to do anything with it. Strum thinks it is a very fair point to understand that an owner-occupied, owner-invested facility is a lot different of a project than a third party invested property. Angelou said last Thursday she was at the groundbreaking for the doctors that are owning that property in the Crescent. They are going to be there. Underhill agreed that it was a good point to the likelihood of success and not speculatively building something that we are hoping to fill up. It is already going to be filled. Angelou said that with inflation and other problems it was easy to see that people might indeed go past things that are vacant and have nothing in them anymore because those were just rentals. Strum said he categorizes this too as an aggressive office market today but also it is an aggressive medical office market. So, it is a different space as well. These are highly specialized spaces. These have high levels of machinery and equipment installations. This is not just dropping cubicles on a third floor and hoping for the best. Angelou said this is an exciting thing to have, being a wellness place. She did not think there was anything that is better than that.

Councilmember Padova asked regarding the diagram, the buildings in C1 are projected to be retail, correct? She added she is identifying the ones near the retention pond. Underhill said that is correct. Padova asked for visualization, what would be the size of those buildings? Would it be one retail space, or would there be multiple spaces in each building? Strum said they compared that as part to a similar style of what Rocky Fork was. He said you are so going to see a little smaller of a strip center with maybe partial alleys of four to six users per kind of structure. Underhill confirmed.

Councilmember McGregor said when Council originally did this agreement, somebody was asking, or it was stated maybe there were going to be all these market-rated apartments, and somebody asked if there would be some

workforce development or maybe affordable housing. She does not remember the specific term. However, she asked what the mix was now. She said she thinks they said it was different then. Underhill said this will mostly be market rate, although CASTO is cognizant of in the last two or three years providing an affordable housing workforce component, not subsidized by any means. He said if you pay attention to what the City of Columbus is doing when they are um tying incentives to different percentages of average medium income and those, depending on your ZIP code, tend to be pretty high typically, unless you are in the real inner city in terms of even getting to 80 percent AMI and pegging a rent to it. CASTO is actively going to be trying to provide some component of that in this project, given all of what is going on with all the numbers and what they are trying to get to here. He said it is difficult for them to know what level of AMI they could get to, but said Council has their word that they will try to mix that into this project. He said other than a handshake and a wink and a nod, it is hard for him to on the floor tell Council something that they could do. It requires a lot of study and market research but that is definitely on CASTO's radar. Underhill said CASTO has been doing that in a lot of their projects around town, providing that affordable component. McGregor said she thought Mr. Canini had said it was only a 10 percent market rate and different levels for the other. This concerned McGregor because originally it was 100 percent market rate with the possibility of some affordable housing. Underhill clarified whether the 10 percent referred to was the number of units to be set aside for market rate. Which way was Canini going? McGregor said Canini said 10 percent market rate, which is a marked change from when Council had this development originally. Underhill thinks that maybe that was misstated or misunderstood. He said CASTO thinks it would be more 90 percent market rate and 10 percent affordable. McGregor said the other question she had was about the flood plain. She would like to see Strum or someone show her a map of where the floodplain is. She did not need this tonight, but could someone send it? Strum said they could pull it up on the City's GIS. It concerns McGregor that it is going to be filled. She said she had asked if the dirt was going to be moved within the floodplain, which is allowable or if it was going to be fill. It concerns her that they are going to bring in fill to do that. Strum added that he thought Move to PROSPER has been a strong partner with CASTO. He thinks there is a familiarity perspective with CASTO and that group in particular who has presented before Council.

Vice President Bowers thanked Strum for bringing this up. She said it does seem to that we have a lot of outstanding questions still remaining and important and critical elements to this agreement that are not actually in front of Council yet. She proposed that this comes back to Committee with the financing clarifications, the commitment that in the event that this end user does not come to fruition that the City is not on the hook for the \$4.4 Million CASTO is proposing, and then see the AMI potential division of affordability versus market rate in the apartment projected multi-family. Underhill asked in terms of a projection on what the art of the possible is, is Council looking for CASTO to run some numbers and demonstrate to what that renter would look like in terms of the affordable components? Bowers said there are significant

incentives on the table that the City has offered up and when this was approved 18 months ago, she thinks Council approved this knowing that there were significant incentives at play with this parcel, and now there is additional funds that are being requested of the City. Strum asked if Schultz could display the original ROI on the screen. Bowers said she understands where Director Strum is going. He said it is clear this was a five to 10 percent number 18 months ago. It is at an 85 plus percent number at this point. Strum said he is being frank with the Council. You get to a point with these types of projects where either the numbers pencil or the numbers do not. If the numbers work, then we will figure it out. Strum stressed that these numbers work so significantly better than they did 18 months ago based on that one user. He fully appreciates this need to have that vetted and finalized a little bit, but he does not think you tee up a project like this much better. This is based on his personal experience for 16 years. Underhill said his view would be if we felt good about the project before (acknowledging Strum was not here and that they did not really look at it in the context of an ROI at that point as that was just not how they thought about it on their side), it is pretty compelling now. He thought if they would have brought this to Council now without the history behind it, it probably would seem pretty clear what you should do, but it is the fact that we have history behind it that really maybe muddies it a little bit. If it stands on its own merits, and we did not have that history, it is a big win. Bowers said she did not mean to complicate things by bringing up this affordability aspect of it, but there are two critical components to this contract that need to be worked out further, and so even if these ROI numbers look great, if this end user comes into fruition, it seems to Bowers that there are a couple items that need to come into this contract that are not here yet and then needs to be reviewed by the City Attorney. Underhill asked when the next Committee meeting would be. Bowers said it would be in three weeks since this month had a fifth Monday (no meeting). Bowers noted the next Committee would be November 14.

Councilmember Schnetzer said he did not know if there was a rhetorical question buried in Strum's comments but said that with the prior agreement, he did not vote in favor of it for primarily one reason. It was that Council was being asked to commit to a certain dollar amount without any sort of assurance that there would be a return. It was as simple as that. The fact that the project is changing, that the ask is changing, that there has been an acknowledgment that markets have shifted, Schnetzer feels a bit vindicated in that vote. He added that his position is more or less unchanged in that he would like to see some assurance that with this end user, which is really what the ROI table hinges on, there is some sort of contingency in [the agreement] that if that does not happen, the City is not on the hook for \$4.5 Million. It is for that reason only that he would ask that it come back for the next Committee meeting.

Vice President Bowers said she was excited that CASTO was here. They have a great reputation across the region. She thinks that this is an exciting project, and especially now that we have identified CASTO as the residential lead on this. She wanted to underscore her gratitude for CASTO being

involved in this project. Underhill thanked Bowers. He said that one of the issues is time kills all deals, and they have actually held off on executing a contract with this third-party user. They have the form of it agreed upon but needed to have this in place in order for that to happen. Underhill does not by any stretch of the imagination expect Council to say ok and just go ahead and get this voted on tonight but asked is there procedurally a way to keep this moving ahead and to Council and have the conversation the next time. He does not want to have to wait three weeks. He added that even their contract as CASTO with the underlying property owner, the clock is ticking. He would love to be able to, understanding that they have a few things to address, still be moving ahead procedurally. He thought the Council could always table at that time or send this back. Underhill asked if this were something Council would entertain? Schnetzer asked if there was a first reading on this one. Bowers confirmed there had not been a first reading on this yet. Bowers said if Council potentially held a first reading on November 7, 2022, it would come back to Committee on November 14, 2022, and then on for a vote November 21, 2022. Underhill said that would be extremely helpful and there would still be time to iron these things out. He said they would do their best to roll up their sleeves to have that conversation publicly about what they have done [with the proposal] during the first reading. He emphasized this would help them on their side with the timing. Bowers asked the Committee if they were more comfortable with that approach versus waiver and emergency. The consensus appeared to be to move forward to first reading.

Councilmember Weaver said that since there was a fifth Monday this month, could Director Strum serve as a point person to field any questions that Council has in the interim and provide those to CASTO in the meantime, so that they are better able to address those at the next Committee? Bowers said that typically during first reading Council does not have a discussion of the item, but if there is a request, it could be put on for a discussion item. She noted that Council President Renner is not here tonight, but she would certainly be open to having that presentation on the agenda on November 7, 2022. She asked if that sounded like a reasonable approach to be better prepared for discussion on November 14, 2022, as needed or just leave this on for a first reading. Strum said he was also open to doing something like a workshop as well on Monday. Councilmember Schnetzer asked for clarification. He thought that all he and Bowers was asking was that this just simply follow sort of the normal routine course of business, which would be that it would come back for one more Committee. It does not slow down any of the readings or anything like that but if there is an ask that there would be some form of waiver, etc., he did not see it. Bowers said there is not a waiver request. Schnetzer said to the applicants Council was not intentionally slowing it down and just going through the normal routine process. Underhill said he just wanted to make sure and be forthright, too, and they did not take any offense by it. With the way that the market is, they do not want to "lose the fish" they have on the line, so to speak. So, they were just saying with their user that with there being a lot of I's to dot and T's to cross if we cannot get pretty close here, this whole thing goes away and CASTO does not want that. He asked if it was correct that with keeping the schedule, Council was

trending towards having this done before Thanksgiving. Strum said that it would be if November 21, 2022, is the second reading. Underhill said if we can keep that end goal in mind what happens in the interim is irrelevant. He said it is really getting to that date. Bowers said that her ask is that Council gets a final proposed development agreement for the agenda for first reading. That helps Council have a cleaner legislative process, so that Council is not fighting through which exhibit it is attaching to the Ordinance. She said it would need to be on the agenda by that Thursday preceding for publishing on November 4, 2022. She clarified the development agreement should be done by Thursday, November 3, 2022. Underhill confirmed that this was possible. He thanked everyone for the time.

Recommendation: The Chair requested the developer's final revised proposal be submitted for agenda inclusion by 11/3/2022. Introduction/First Reading on Regular Agenda 11/7/2022; Further discussion during Committee of the Whole on 11/14/2022; Second Reading/Adoption scheduled on Regular Agenda 11/21/2022.

D. ITEMS FROM THE DEPARTMENT OF FINANCE:

[ORD-0064-2022](#) AN ORDINANCE AMENDING ORD-0054-2022 TO ESTABLISH AND APPROPRIATE FUNDS AS REQUIRED FOR GRANT AND LOAN AGREEMENTS ASSOCIATED WITH THE INFRASTRUCTURE CONSTRUCTION AND LOAN AGREEMENT FOR SCIENCE ONE, LLC EXTENSION OF TECH CENTER DRIVE, WAIVING SECOND READING AND DECLARING AN EMERGENCY

Joann Bury, Director of Finance, said this is just some housekeeping. When the original report came forward for ORD-0054-2022, it was missing the part giving the Finance Director the authority to establish appropriations and the appropriate funds for all the agreements that were associated with the legislation. This is just requesting that this request be added to the original Ordinance, and the process for emergency and waiver is just following the original legislation to make sure everything is in place.

Vice President confirmed there were no questions. She congratulated Bury on her recent recognition with awards through the Government Finance Officers Association.

Recommendation: Introduction/First Reading with Waiver of Second Reading and Emergency Adoption on Consent Agenda on 11/7/2022.

E. ITEMS FROM THE DEPARTMENT OF PUBLIC SERVICE:

[ORD-0065-2022](#) AN ORDINANCE AUTHORIZING SUPPLEMENTAL APPROPRIATIONS - Damage to City Property

Mayor Jadwin introduced Council to Interim Director of Public Service Rob James. James joined Gahanna back in July on a part-time basis to help offer support for the Departments of Public Service and Engineering when the

departments were really strapped for time. He has over 30 years of experience in the Public Service and public works arena, most recently retiring as director of the streets and utilities division at the City of Dublin. Jadwin said the City was lucky that he was here and helping us right now as interim director while recruiting for that position is ongoing. Interim Director of Public Service James noted that every quarter the Public Service Department submits supplemental appropriation requests for the revenue received from three categories, typically damages to city property, sale of assets, and water meter fees. This quarter, James said the Department is requesting supplemental appropriations for two of those three categories. First, there is ORD-0064-2022 for damage to city property. This is a transfer of \$70 from the General Fund to fleet services. Second, there is ORD-0066-2022 for water meter fees and is a transfer of \$15,314 from the Water Fund to the materials and supplies line item. James offered to answer any questions. Bowers said it was a pleasure to meet James and thanked him for being available tonight for any questions.

**Recommendation: Introduction/First Reading on Regular Agenda on 11/7/2022.
Second Reading/Adoption on Consent Agenda 11/21/2022.**

[ORD-0066-2022](#) AN ORDINANCE AUTHORIZING SUPPLEMENTAL APPROPRIATIONS
- Water Meter Fees

**Recommendation: Introduction/First Reading on Regular Agenda on 11/7/2022.
Second Reading/Adoption on Consent Agenda 11/21/2022.**

F. ITEMS FROM THE DEPARTMENT OF ENGINEERING:

[ORD-0067-2022](#) AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO
CONTRACT WITH AMERICAN STRUCTUREPOINT INC. FOR
PROFESSIONAL SERVICES RELATED TO THE WYNNE RIDGE
COURT BRIDGE REPLACEMENT - PID 116417

Tom Komlanc, Director of Engineering, said this is a request to enter into contract with American Structure Point for the replacement of the Wynne Ridge Court Bridge. This bridge was identified in inspection reports in 2021 for replacement needs. He said there was some remedial work that was done late August or early September with some rock channel stabilization and securing of a wingwall at the location. Komlanc sees the design progressing forward. In consultation with the Ohio Department of Transportation, the City will be administering construction on the project. The Department believes it will take likely close to a year in design services and then depending on if right-of-way acquisition and any utility coordination is otherwise required. Then, progressing into construction, which is anticipated to last anywhere from four to five months, there are seven impacted properties on the cul-de-sac. The Department anticipates maintaining traffic to accommodate the access to the residents there. He asked for any questions.

Councilmember McGregor said when Council talked about bridges before, it was said that bridges should last about 75 years. She noted that cul-de-sac was built about 1996. She said that for this to be needing replacement, is way

under the life of the structure. She asked if there was any way for the City to go back on the developer to recoup some of that cost because it was obviously built very poorly to need replacing within 26 years when usually they last three times that long. Komlanc said they should last longer. He said with the erosion and some of the issues that have occurred there, he did not know the City's recourse to go back on the developer 20 plus years removed. Mayor Jadwin said this is certainly something we could explore or at least pose the question to the City Attorney to see if there is any basis for that. Jadwin said she is not immediately familiar with that, as this would be the first time we have had a case like this. McGregor said she remembers when they had the Parade of Homes there, and it was about 1996. It was brand new. McGregor said it just seems like that it should have lasted way longer than that. She thinks the City should try to at least recoup some of the loss from that. It should have been built better. Jadwin asked Komlanc whether there was any indication or evaluation done when the City had the Geotech firm come in to at least do temporary repairs as to what caused the bridge to fail. Komlanc said, no, but that he can reach out to them and report back. Jadwin said that might be helpful to determine a path forward if there is one. McGregor thanked Komlanc. She said when they built that bridge it did not have the fences along the side that it has now to keep on the abutments and kids were playing on there and one fell off and broke his arm. So, they did eventually fix it, but it seems like from the start that the bridge or culvert has had problems.

Vice President Bowers asked for sake of discussion and thinking about the erosion that was referenced in Komlanc's report that has led to this need, does Komlanc have any suggestions as far as causes for the erosion? Komlanc said as far as anything like the waterproofing and perimeter drainage in the area, it would be looking at whether those facilities were put in or if there was any cause for failure associated with that. Bowers asked is that going to be anticipated as part of this contract in terms of identifying why this failed so quickly. Komlanc said he can check back on the reports and with ODOT to see root cause assessments on it. Bowers thanked Komlanc.

**Recommendation: Introduction/First Reading on Regular Agenda on 11/7/2022.
Second Reading/Adoption on Consent Agenda 11/21/2022.**

G. ADJOURNMENT:

With no further business before the Committee of the Whole, the Chair adjourned the meeting at 8:17 p.m.

Jeremy A. VanMeter
Clerk of Council

*APPROVED by the Committee of the Whole, this
day of 2022.*

Merisa K. Bowers