



**TO:** Mayor Thomas R. Kneeland  
Director of Finance  
Members of City Council  
City Attorney  
Clerk of Council

**FROM:** Michael Blackford, Deputy Director of Planning & Development

**DATE:** November 1, 2019

**SUBJECT:** Report to Council, November 12, 2019

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## **ACTION ITEMS FROM THE DEPUTY DIRECTOR OF PLANNING & DEVELOPMENT**

### **ACTION ITEM # 1 – Property Tax Abatement for 6579 Taylor Road:**

#### Project Background and Justification

The Department of Planning & Development is working with a developer, Eastgate Commercial Park LLC, who wants to construct five buildings totaling 67,560 square feet of flex office and warehouse space at 6579 Taylor Road. The developer is seeking to construct these buildings on speculation because there currently is sufficient market demand from businesses for this type of facility. Building a facility on speculation is a greater financial risk to the developer due to not having secured tenants for the property at the time of construction. However, the developer is willing to take this risk if the City of Gahanna is willing to provide a property tax abatement for the project.

#### Project Details

This project consists of the construction of two 21,000 square foot and three 8,520 square foot flex office and warehouse buildings. It will create 38 new full-time job opportunities over the next three years with an estimated payroll of \$1,800,000. The capital investment for the project is approximately \$4,375,000.

#### Financial Incentive Summary

In an effort to reduce risk and make the project financially competitive, the Department recommends providing a 10 year 100% property tax abatement for the project. Similar projects have historically been granted similar terms. If granted, the property owner will receive approximately \$128,000 annually. The total value to the property owner is estimated at \$1,280,000.

### Return on Investment Analysis

Withholding tax is the only revenue stream generated from this project. It is currently not within a Tax Increment Financing (TIF) District. Staff believes the property should be located within a TIF and will investigate the feasibility of adding the property to an existing TIF or creating a new TIF.

Based upon the \$1,800,000 in estimated payroll, gross withholding tax payments equal \$45,000. The total amount of withholding tax payments received by the City during the incentivized period equals \$450,000. The applicant estimates that the project will not be fully staffed until year three. The annual and total withholding tax amount may differ from the estimates provided based on tenant buildout. The CRA Agreement that outlines these terms and conditions is attached for your consideration. The Planning & Development Department respectfully requests that Council authorize the Housing Officer to execute the CRA Agreement for the project.

### Requested Legislation and Funding

Legislation Needed: Ordinance

Emergency/Waiver: None

Name & Address: Eastgate Commercial Park LLC  
6579 Taylor Road  
Gahanna, OH 43230

Already Appropriated (Amounts & Accounts Names/Titles): N/A

Supplemental/Transfer (Amounts & Account Names/Titles): N/A

### Attachments

Eastgate Commercial Park LLC CRA Agreement

## **ACTION ITEM # 2 – Approval of the 2020 Contract with the Gahanna Community Improvement Corporation:**

The Department of Planning & Development is requesting that City Council approve an ordinance authorizing the 2020 annual contract with the Gahanna Community Improvement Corporation (CIC).

The City of Gahanna annually enters into an agreement with the Gahanna CIC for the purpose of promoting and encouraging economic activity for the City. The agreement is attached for your review. This agreement outlines the activities that the Gahanna CIC will undertake on behalf of the City throughout 2020.

The changes to the contract include the following items:

- 1) Removal of references to Gahanna City Code Section 165.02(d) which addresses the distribution of lodging tax.
- 2) Correction of verb tense in Section 2, Paragraph 2h.

The Department of Planning & Development respectfully requests that Council authorize the Mayor to enter into contract with the Gahanna CIC for 2020.

Requested Legislation and Funding

Legislation Needed: Ordinance

Emergency/Waiver: None

Name & Address: Gahanna Community Improvement Corporation  
200 S. Hamilton Road  
Gahanna, OH 43230

Already Appropriated (Amounts & Account Names/Titles): N/A

Supplemental/Transfer (Amounts & Account Names/Titles): N/A

Attachments

City-CIC Annual Contract

**UPDATES**

None at this time.

**UPCOMING MEETINGS & EVENTS**

- *Gahanna Community Improvement Corporation: A Board Meeting will be held on Tuesday, November 19, 7:30am, at Gahanna City Hall, 200 S. Hamilton Road.*