



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, November 14, 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 November 10, 2022. All members were present for the meeting. There were no additions or corrections to the agenda.

B. 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, introduced the development team from CASTO, including Brent Sobczak, President, Larry Canini, Canini & Associates, and Aaron Underhill, counsel with Underhill & Hodge. Strum thanked the development team for helping his office with preliminary numbers to do some economic analysis of the project. Strum noted he was asked a couple different things from Council. The first was doing an economic analysis, providing full detail of the State Infrastructure Bank (SIB) loan, and the debt service implications of the TIF, which can be viewed as part of the return on investment (ROI) Crescent update labeled 11.14.2022 attached to the Ordinance. Strum added that the New Community Authority (NCA) projections were included as part of the full build-out on that ROI. He pointed that NCA line item has now been inserted as part of line 31 in all the principal ROI, as well as in the debt service schedule. He opened up for any questions from the Committee.

Vice President Bowers asked Strum if he could review the tables that he generated, particularly helping Council compare the prior development agreement that was passed about 18 months ago to his midline. Strum

identified attachment 12 to the Ordinance file for presentation to Council for the Crescent Original file. He said he could not necessarily speak to the full ins and outs of that original project, as he was not with the City at that time, but using his best guess, what he was able to do is go back and take a look at the various elements of the project, which included some general estimates around hotel, event, medical, multifamily, and commercial. Looking at the "Total Project ROI" sheet of the Excel workbook, he stated that although he left the multifamily empty, from a job's standpoint, he predicted we will see some work from home variance. We are just not capturing that at this point because Strum does not want to add a new wrinkle to this process, nor does he have a full understanding of it at this point in time. The ROI here shows the inclusion of jobs associated with the commercial areas, the multifamily, the original medical, which is a smaller scale (originally a 4 to 4.5-acre development proposed), and then the hotel and event center scaled out over the 30-year period. Strum said we are looking at a 30-year window only because of the tax increment financing (TIF) that extends beyond traditional cycles. Based upon Strum's initial projections on TIF estimates, job creation, payroll taxes, you see an ROI of about 5 percent. That also includes the bed tax inclusion. For those who have not read through all this, Strum said you could see some of the inclusions and notes in the document of the estimated job numbers and sources of that information. The information comes from the Bureau of Labor Statistics (BLS), which include the number of overall jobs, average wages in accommodations, such as sous chefs, cooks, and things of that nature in the restaurant and hospitality industry. The original ROI focused on \$150 per night for 125 rooms with a 75 percent occupancy for 365 days a year. This is where the estimation comes in at the projected valuation on some of the bed tax. Strum said that is how this Original ROI numbers came together looking back at a project summary from a year-and-a-half ago. To answer Bowers' request, Strum then turned to the midpoint ROI or "medium" Total ROI. Within this Excel sheet, he noted you can see some deductions. Staff from CASTO assisted with the numbers to help reduce some of the estimations. In the mid, they focused on the office value at \$350,000 a year. This was part of the request to see how this lays out for the various tiers within the development agreement. The office user changes in this model. The commercial, the residential, which is still with no job creation numbers, and the fueling center remain constant from prior iterations. With this scenario, Strum said what you see is about 100 percent return on investment. He concluded that for every one dollar of public incentivization the City is putting into the project, it will get two dollars out of it. This included the NCA dollars, which remain constant. A five mill on a property today is worth the five mill on the property tomorrow. He noted that as part of the scheduled-out debt service, he does not have escalators. CASTO preferred having escalators in the numbers as part of this modeling because that is realistic valuation. However, Strum said that in not knowing where those escalators are going to kick-in or what the percentage would look like, he chose to do a flat analysis. He thought this also came up in earlier conversations with Council. If it jumped 10 mills or 15 mills, what does that do for the analysis? Strum said this would increase the TIF. It would have a ramification during the tax abatement process, but he did not want to

speculate on that. He is showing the numbers as he knows them to be today. This gives Council the low end of the spectrum. It does not give Council the high end of the spectrum. He said taxes rarely ever go down. They typically only go up. Strum stressed that for now he has just set the floor, not the ceiling, as part of the analysis. Regarding the TIF Pilots (Gahanna Medium) Excel sheet within the Crescent Update ROI, Strum said that what you see in this analysis is what the basic premise of the development agreement is. The Council had asked CASTO to come back to the table with the scaled development. If they did not generate more than \$350,000, then by year four it reduces their overall inclusion of private debt associated with the project to \$1.4 from a \$2.4 evaluation. What Council is seeing in this analysis is the inclusion of this based upon Strum's runouts. Pointing to the Excel, Strum said you can actually click the cell, see where the dollars are flowing into, and identify where the orientation is coming from. You can follow the dollars throughout the entire process. What Strum showed was that even under this premise, using just TIF revenues, CASTO is made whole on its \$1.4 number in year 10, and the City pays off a projected SIB loan in year 12 based upon TIF projections right now. The big difference in the modeling was not in the tax for the property and the TIF, it was the income tax. What the big impact on the median value was the full revenue model for the City ("Total Revenue (Gahanna)(Medium)" sheet on the Excel). This includes projected income taxes and the school abatement. Strum noted that Bowers previously asked about some of the projections on this. As a refresher on the school abatement process, Strum said we look at 50 percent of the taxable, the tax loss on the abatement, plus 50 percent of the wages during the abatement period not to exceed the overall loss of the abatement. Therefore, in this instance, Strum projects that the value of the abatement is about \$12 million. That is our cap. Strum said we want to get to that number as close as we can, but under our agreement, it is a 50/50 split. We would see an annual contribution of \$825,000 to the schools, scaling up to \$984,000 over the course of the abatement period and equaling about \$9,074,255.64. What that means is, following the abatement period, revenues start flowing through the site. As mentioned earlier, the City would have clearance in year 12 on the SIB. So, the revenues generated from the TIF that are not going towards the SIB would come in year 12 (2035) at around \$42,000. Then, it is a continuation from there. Strum estimated that with the medium projection, the City's is slated to capture \$23 million over the 30-year lifespan of project. That number goes up in the high model. Strum said the high model as it is listed here is actually the model the City and developer team is working with because they do have some certainties as relates to the projected payrolls that are associated with this project (\$38 million). At the "low-low" projection, Strum said this showed a net out to the City of about \$17 million and change. Strum has a high level of confidence that the value of what the City will ultimately generate as part of this project is between the \$17 million and \$38 million. Strum thought that what was important with looking at the Excel spreadsheet is that you can see where the numbers are flowing in and out of the project and how they are being captured and calculated.

Mr. Canini said, as a reminder for Council, when he first got involved with the

project, it was pre-COVID and pre- current administration (Tom Kneeland's administration). He noted that Councilmember Angelou and Councilmember McGregor took road trip with him to New Albany to provide a sense of what his vision was for the project currently being discussed. Canini said that at the time, the project in New Albany included an event center, senior housing, hotels, gas station, and possibly some fast food. That was initially the model. Since that time, with COVID and where we are today, Canini thinks a couple things happened on the hotel side of things with the airport getting involved with doing hotels on site with a Hampton and a Hilton Garden Inn and another hotel. This all occurred while the development team was still in the concept stage of what they were going to do with this site at the Crescent. On top of this, Canini asked Council to consider what has happened to the east with the number of hotels at Easton that have come into the market. He said he is not saying that [hotels] are not going to be an opportunity for us, but he thinks with the success they have had on Buckles Court North and the amount of medical interest that has come their way - the fact that they have sold out of all the abated ground there - they definitely see this bleeding over to this development site, and not only with this particular user that has been referenced. Canini said they foresee this with one or two more. However, he said they will make efforts for a hotel if it can work. Additionally, Canini stressed that the developers are now dealing with the flight path because the site is in what is called the glide path of the airport's north runway. Because the medical users want the freeway visibility, that pushes what could be a hotel site into the flight path. This creates a dilemma for the developers there. That would not work because of the multi-story where the medical is going to be, with at most three stories but generally two stories. The important piece is just understanding where they see the project going now because of the success with the medical. Canini said they still foresee some retail working. This is something they have always committed to for this site. The same story on how things have changed can also be told with the event center idea. Canini said they had revisited that but thought everyone can understand that an event center is not going to generate the kind of income tax compared to what is being talked about for coming in next. He said with an event center, they sit empty most of the time other than when there is an event. Then, you have people catering from somewhere else bringing the food. Canini thinks we are headed in the right direction with the proposal on the table.

Vice President Bowers asked Director Strum if he could confirm that looking at the "Total Project ROI high," lines 39 and 40 and the yellow, or the \$21 million, this is the financial outlay or financial obligation from the City. Strum said yes. Bowers asked about the \$11.6 million that would be part of the school compensation. Strum said this includes the loss of the City of that property value that would have come to the City as part of its own taxation policy and then the inclusion of the TIF reimbursement amount. Strum is calculating the TIF reimbursement on \$4.569 million. The current development agreement shows a number of \$4.4 million, but his number is including capitalized interest and some of the gap that is going to be in that first year where we are not going to have any dollars flowing in to cover the initial interest payment on the SIB. Strum is flowing that to CASTO before the

NCA even kicks-off. Bowers said, then, going into line 39 for total investment to city, the estimated \$57 million, Strum has included the NCA. Strum confirmed that the NCA is in that number and the TIF pilot arrangements. These are the pilot payments that are associated with the TIF over the lifetime of the project. The construction income tax that contractors will provide through income tax to the City as well as the total payroll tax is calculated in cell H7. Bowers said she understands where the risk might fall with the payroll projection. She said she thinks she also understands the construction income tax number and probably does not need that explained in terms of risk. She asked if Strum could help explain the degree of risk in the calculated NCA projection and the TIF pilot payments. Strum responded that in the NCA, this is a straight 5-mill assertion. The way he calculated the NCA was taking the estimated improved value of the property, times 35 percent. So, there is a 35 percent reduction based upon calculated rates from the auditor's office at 5 mills. Then, this amount is multiplied by 30 years. Strum took that value and summed it out on each of the different phases. With a future value of \$12.538 million, that value is then reduced by 35 percent at 5 mills divided by 1000 and times 30. That is done repeatedly. Schnetzer asked what the reduction factor was, 35 percent? Strum clarified he is reducing the value down to 35 percent, so it is reduced by about 65 percent. Bowers said the risk in that number, then, is if the property value is not what Strum is projecting. She asked if this was correct. Strum said this is correct. He is saying that a Class A office space for modern medical will not assess at \$12.5 million. If you look at the comps, there is a comp value in here for 700 Morrison Road, a similar-sized building. He said we are \$2,300,000 less than what that building is currently appraised for. Therefore, we are undervaluing the property today. Bowers said that on the reverse, though, if we drove up that valuation, we would drive up our school compensation amount. Strum said yes. Bowers concluded they offset a little bit. Strum said they do. Bowers asked with the TIF pilot, what is the risk to that number? Strum said that is on the estimated annual tax generated by what will ultimately be the new valuation. Again, assuming that the value of that building is \$12.5 million, which we have already established we are undervaluing based upon the comp model in the marketplace today, Strum said we are estimating that annual tax is \$416,314. He said the math is on the "Medical ROI high" Excel sheet. If Council wants to see how he pulled together those numbers, he is taking the valuation of the \$416,314 times 20 percent, which is the non-abated value by 10 years. That gives you \$832,000 and change. You take the non-abated value and then it is straight percentage with school versus non-school. He explained that on a non-school TIF, all taxes that are not related to the school are then TIF. He added that 61.75 percent of taxable values are then given back to the school and 38.25 percent is captured by the City as part of the non-school TIF revenue. You combine the 20 percent for the first ten and the last 20 is a straight percentage. He said this has been consistent throughout the other modeling as well on that spreadsheet.

Councilmember Schnetzer had questions about the model, questions about the contract, and a legal question for the City Attorney. He said he appreciated everybody for the effort and time put forth revising this agreement. For

Schnetzer, he believes we are much closer to a deal than we were when this first came to Committee a few weeks ago. Schnetzer said Council received an e-mail around 4:00 p.m. with the spreadsheet that Strum has presented. Schnetzer said he has not figured it all out yet and is hoping Strum can help. Schnetzer has some hard copies of the "Total Project ROI" sheets for the low-low, low, medium, and then high versions. Schnetzer said his eye immediately goes to what is different about those options. There is a section that is titled "school compensation" that is different on all four of them. Schnetzer wanted to know what the driver for the difference was. Strum said that under our compensation arrangement with the school, the taxable value stays the same. So, in any instance, we are assuming we are taking 50 percent of the abatement value and 50 percent of the income tax generated in each of the models. It is the income tax that is making that variable shift. Schnetzer said this was his suspicion but that it appeared in the medical office ROI situations the school compensation number is static. Strum said that why it is static is because the valuation of it. The total value of the abatement was greater than the actual income tax. He said he can rerun that if Schnetzer prefers. Schnetzer asked if it materially changes anything. Strum said it should not. Strum said the City will be between 100 and 185 percent ROI, somewhere that neighborhood overall between the four projects. He said the number that really matters is in the total revenue pages on the low-low, the low, the medium, and the high. You can start seeing where those impacts of compensation generate different numbers. Schnetzer said it would probably make sense to put a finer point on those just before Council votes on it. Strum said he would be happy to do that. However, Schnetzer said that speaking for himself, he did not know that it is necessarily a decision breaker here. Regarding the contract itself, Schnetzer said we have what appears to be a "blueline" version now in Council packets that replaces the redline version previously. Schnetzer asked Mr. Underhill, considering the back and forth at the last Committee meeting where Schnetzer asked if CASTO was willing to commit to this end user that is really driving the high ROI on these projects, it appears what has come back are these various reimbursement scenarios. For his own edification, Schnetzer asked if that is CASTO's alternative to a contractual commitment to that end user, the scaling up based on the income tax return. Underhill confirmed, yes, that is accurate. He explained given the nature of these negotiations, the users of this type are for various reasons confidential. Underhill stressed they are confident in the user. They are confident in the transaction itself, but rather than commit to that user, CASTO thought tying it to a level of payroll was fairer. Underhill said he thought the point was well taken that if the deal does not happen, CASTO should not be getting the benefit of if it had. This was CASTO's attempt to say, even if that deal would fall through, there are other thresholds they could meet to get more compensation back for the road cost. Schnetzer said he applauded CASTO for coming back with an alternative. He thinks it is a good model generally that might make sense in other projects as well. Schnetzer thanked CASTO for that. With regard to the contract itself, Schnetzer said there is another change from the agreement that is sort of in place now. This is changing the penalty rate, if you will, that the City would pay CASTO from 4 percent to 4.5 percent. Schnetzer said he certainly understand rates have

gone up since April 2021, but this kind of locks in Council for what sounds like approximately a decade's worth of reimbursement. Is there any opposition to a floating rate in case rates were to go down? Underhill deferred to Sobczak. Sobczak said he is fine with a floating rate. He added that they can talk to Strum about what might be appropriate there. Schnetzer said that in a previous discussion with Attorney Mularski one of the concerns that Schnetzer had expressed was just whether or not the City's obligation or liability was capped or limited. Schnetzer said he believed Attorney Mularski had said that his view was that it was capped or limited, but for the record, could Mularski expand on that? Mularski said yes. If you look at Section 4, 4 A, B, and C, those were the ones Schnetzer was just referring to how they have different levels. At each level, depending on how much income was generated, it would be capped at a certain amount. If you look at 4 A in the middle, it says, "the reimbursement shall not exceed..." and that is where Mularski believes it states that it is being capped at that amount. It says so in B and C as well. He said the City is capped at different levels depending on what the amount of the income is at four years down the road.

Councilmember Weaver thanked everyone for all of the work and information. Generally speaking, could Director Strum state for the record how he reached the low-low threshold, the low, and so on? What benchmarks is Strum using to hit each of those are categories? Strum said the high was the baseline that we were working off of based upon the assumption of things that have been shared with us. The medium was based on a threshold of about \$350,000 in income taxes. The low was a \$225,000 income tax. The low-low was the \$175,000. That was based upon the thresholds provided in the agreement.

Councilmember McGregor asked when you have the pilot, is it a 30-year TIF? Strum said yes. McGregor asked is the 30 years no matter when the building begins or if there is a building five years into the TIF, does that go for 30 years from that point or is it just 30 years? Strum said he does not think this is a rolling TIF. This is an established TIF district. So, it would be the day of beginning construction is when the process begins. He added that the model shows TIF values coming in either in year two for the fueling station and then year three for the balance of the site. Therefore, you are not going to have an extra two years on the backside. McGregor said in reading Mr. Lescody's letter about the floodplain, which says that they are doing the calculations, this gets complicated in dealing with FEMA. She said it says these calculations will be sent to the floodplain administrator. McGregor would be ok with this as long as the City would hire somebody to help the floodplain administrator understand the data. This is somebody neutral to explain things. She reiterated the complexity involved. She indicated her hesitations on this topic might stem from what a prior floodplain administrator's qualifications were. Mayor Jadwin said that Director of Engineering Tom Komlanc will be serving as our floodplain administrator for the time being. They have had this discussion. Jadwin knows FEMA reviews this. The City also has an outside consulting firm that it has been using. McGregor said she understands staff has been very busy. She did not want them to be overloaded with a lot of stuff. For the City to be able to do what it needed to do in a timely manner,

she preferred to hire somebody to help staff do this. McGregor said she was not saying Komlanc was not qualified. She wanted somebody to help whoever is doing it to look at all the data because it is a lot. Director Komlanc said the City is going out for pre-qualifications for consulting services. As a part of that, the Department does have floodplain regulatory compliance as a part of those qualifications. When or if the need or desire comes about, the City will have the capability of pulling from consultants to provide staff augmentation and assistance to the department. McGregor said CASTO looks out for their own interest, and the City must look out for its own interest. She thinks that is the way you get to a good agreement.

Vice President Bowers said she appreciated the CASTO team all coming back and for Director Strum's work on this. Over the last several months, she noted that Director Strum has done a great job to help Council wrap its head around the concept that incentives are tools to help close gaps between what we as a community want to see and what the market will deliver. One of the identified gaps in Central Ohio is for attainable housing or housing offered for working individuals who have income below the area median income (AMI). For Franklin County, that is \$65,625 for a one-person family and \$75,000 for a family of two. Bowers said that diverse housing stock is important. This has been talked about a number of times. Council has had several presentations on that issue. With this project receiving incentives, Bowers said she would like to ask if CASTO would be willing to incorporate and bake in affordable housing into the development agreement. She asked for at least 20 percent of the units be set aside at 75 percent of AMI. Sobczak asked if they could do 10 percent at 80 percent and 10 percent at 100 percent. Bowers asked if that was the best that CASTO could do. She would like to see some level of commitment to affordable housing. Sobczak countered that without having funding commitments beyond what we are talking about and talking to other sources, CASTO could not commit beyond the 10 at 80 and 10 at 100. Can CASTO potentially do better if they can get with some of their finance partners? Potentially. He said they are willing to look into that, but here today Sobczak said he cannot say they can do better than the 10 at 80 and 10 at 100. Bowers thanked Sobczak for offering to review that.

Councilmember Schnetzer said to provide some definitional context, the 80 threshold that CASTO has referenced is officially moderate income per at least the Community Reinvestment Act, which, without getting into the details, is federal law that is overseen by either the Office of the Comptroller of the Currency or the Federal Reserve. This requires banks to make loans to certain lower income areas. Schnetzer believes the 100 percent threshold that CASTO had referenced will qualify as middle income.

Attorney Mularski said he has had a chance to go over this with Mr. Underhill. There were a few changes that Mularski asked to be made. In order for these changes to not get lost in the shuffle, Mularski at least wanted to point them out. He said in the second paragraph of Section 4, it talks about if the TIF does not have sufficient funds to pay the debt service on the SIB loan, then CASTO is going to put an amount equal to 1.25 times the amount of the

annual debt service into an escrow account to make sure the debt service gets paid in the event the TIF is insufficient. It had previously said that this would be kept for up to the time when the TIF was able to support itself. Mularski asked for it to be changed to in the second consecutive year, so there must be two consecutive years in which the TIF can pay for the debt service before the escrow amount would be returned. A second change was at the very end of Section 4. CASTO had crossed out the section that said the City and the Crescent previously negotiated and agreed to certain terms. Mularski said he believed that was crossed out because it was referring to an agreement with Crescent. After reviewing it, Mularski asked that it be put back in because it says that such cost shall not be included in the reimbursement cost. Council will see that the redline is now no longer redlined in that last paragraph before Section 5. The next change is one that Mularski felt was a clarification when it came to the NCA. It said the NCA was going to be 5 mills and could be increased to a maximum of 9 mills. It had said subject this increase in millage shall be permitted to apply to any real property until such time as a certificate of occupancy. Mularski asked that it said that any increase in millage above the 5 mills shall be that. Mularski said he thinks it just clarified it because he was a little confused on this. In Section 8, Mularski noted they just extended the time in which the TIF legislation can be put into effect because this has been delayed now that it is the middle of November. It was the end of December, so they extended that to January. A lot of this revolves around Buckles donating that 33 to 35 acres worth of property. On Friday afternoon, Mularski received those documents from Buckles' attorney. The documents are currently under review. He noted there is one question about a discrepancy between 33.5 and 35 acres. Once this is determined, then Buckles will be able to donate that as parkland to the City. That is when this is all going to kick in. This is when they are going to be able to contract with Buckles to get the rest of the property. Mularski said all the dates are going to be kind of pushed back. Upon discussion with the CASTO team, Mularski noted an e-mail came through today asking that their date be pushed back. He said that was fine as long as the TIF date gets pushed back. Mularski just wanted Council to be aware that those dates may change. The last change was right above Section 9. There's an A, B, C, D, and E. There is a section that says the City shall have timely performed all its obligations. There was a section right before that was removed that said Crescent shall, but it said Crescent and CASTO. Mularski said, well, take out the Crescent part, but leave "CASTO shall timely perform all its obligations." Mularski said this was nothing major. He just did not want those things to slip through in all the revisions.

Vice President Bowers followed up on the proposed NCA given Mularski's remarks. She asked if it was correct that the NCA cannot be reduced under 5 mills. Mularski said the NCA can be up to 5 mills. Mularski said there is going to be a committee of seven set up for the NCA. Four will be appointed by the City. Three will be appointed by the developer. They will set these rules that will all be in the NCA agreement. Mularski cannot speak exactly as to what that is going to say until the NCA agreement is made. Those determinations will all be made in the NCA agreement. Mr. Underhill said when the legislation

to create the NCA is passed, there could be an agreement between the City and the NCA board once it is constituted that could refer to the NCA ordinance that possibly ties the hands of the NCA board for a period of some years to make sure that reduction does not happen. He said the City is obviously counting on that money. So, Underhill thinks there are ways to make sure that it does not get reduced and ultimately as Mularski said, the City will have the majority of the members on the board and hopefully they would follow Council's lead on that. Again, Underhill thinks there are ways to ensure that reduction does not happen. Mularski said that if there are things in the NCA that Council wants to try to make sure is included, please let him know.

Vice President Bowers said she is still a little confused on the development agreement as to whether the max millage for the NCA is 5 or 9. Mularski said it is 5 for the housing and 9 for the business. Underhill agreed. He said he thought when they went through this originally the City wanted the ability to do more and CASTO said as long as it is not on the multifamily. Underhill believed there might be a super majority that needs to approve it from the board if you go up to 9. Bowers thanked Underhill for the information. Strum said to clarify, the ROI that he has calculated shows a 5-mill only across the whole project. With that additional wrinkle, again, Strum said this is setting a floor, not a ceiling in that the value will go up and not down. Bowers asked when Council could expect to see the NCA legislation. Underhill said he thought this can happen relatively quickly after this agreement would get approved. He estimated it would then be two to three weeks to get the documents together. Strum said the parties were about 95 percent of the way there on the NCA agreement. He noted that the City's in-house counsel for Frost, Brown, Todd had pretty much buttoned up that agreement and then we put a pause on everything because of some of the things we have talked about previously related to this project. Strum said he is very confident with there being a quick turnaround. Bowers said it would make sense to her to create that floor at 5 mills, since that is what Council is relying on and talking about. She did not know how the rest of Council felt about that. Mr. Canini said he is comfortable with the 5 mills. He said what he would hope, though, is that because we are bringing stakeholders of the community together, both City and private, to be on this board, and this being the first NCA that Gahanna has ever done that will be expandable beyond this project, that everybody be of the mindset that we are going to look at everything on a case-by-case basis from a standpoint of who that user is and what value they are bringing to the project. Canini said we need to be careful when we start to talk about increasing that because that is a millage. That is something that can concern some users, especially owner-occupants, which is the developer's goal here with a medical user specifically. He hoped that the City does not get too tax heavy from that standpoint. He also asked to keep in mind that there is a common area maintenance fee on top of a lot of what else is going to happen around the project. Bowers said she appreciated that point. She said we are looking at these numbers and using this to really

decide from a taxpayer and use of tax dollars perspective. She asked if the 5 mills was the concern across the project, or was Canini suggesting the concern would be if Council were to be heavy-handed with suggesting something over that number? Canini responded that all the discussions he has had so far with users has been at 5 mills. He has not spoken of anything beyond that amount. For Canini, this is something that we look at on a case-by-case basis with each user. He reiterated that this NCA is expandable and could move to other portions of Gahanna along Taylor Road and so on. There are some parcels that could be absorbed into the NCA. Bowers thanked Canini. Underhill added CASTO would like to encourage others who are similarly situated, especially while they are trying to market their property, that they are going to be expected to pay the same. CASTO does not want someone to have an advantage in the market. This is good for Council, too, to require them to pay the 5 mills. Bowers said it sounds like the 5-mill threshold would be acceptable.

President Renner said as long as he has been on Council, the Buckles tract has always been a subject of discussion. What is the City going to do? What [is the developer] going to do with this? Renner said in reflecting upon this, he was just trying to think if there was an award for entrepreneurship or anything that this project could be nominated for. He appreciated Council colleagues going through everything. He said he really wanted to just say thanks [to the development team] for coming here. He thanked Canini and the team for their courage and lasting through all of Council's questions and for investing in Gahanna. He remarked that if there was an award for complexity of a project, he thought this probably would be at the top. He did not think the public had a really good understanding of what has all gone into this. He added that this was another part of the City's story that we were not telling but should be showcasing. Canini thanked Renner for his remarks. He said it has been a true team effort. Canini believed that the organization here now is a joy to work with. He could not say he enjoyed the efforts from the previous administration, but this group, this Council, this economic team, the Mayor, and everybody has a common goal now. Canini said he thinks that was the key. He did not think everyone all had a common goal before. He commended the entire administration.

Councilmember Angelou said she feels that Council can trust [Canini and the development team]. She said that indeed this is very important. She hoped that the team can be successful in every way because that will make our city successful. Canini thanked Angelou and appreciated she had been one of the biggest cheerleaders for the development. He also wanted to remind everyone that CASTO has a much longer generational record than he did in Central Ohio, with three generations. He said their record goes well beyond what he and his father had done in the past year in Gahanna. They are very proud of the work they have done in the city. Canini said the team is excited about this project and really looks forward to Council's support.

Director Strum said they will work on having the updated agreement with the 10 and 10 inclusions as part of the final draft to have over to Attorney

Mularski's office as soon as possible and then have this up for vote at the next Council meeting. Vice President Bowers noted this has already gone through first reading, so it will be on for a second reading and vote at next week's Council meeting. She said Council will need to make an amendment to adopt it with the latest version. She said parties would work with the Clerk to make sure that Council gets that as cleanly as possible. Bowers also said Clerk VanMeter has done an excellent job at attaching signed contracts to our signed legislation and uploading those. That is an important piece of housekeeping that Council would like to keep. She asked that VanMeter gets a final signed contract for the record once approved. Underhill asked what Council's pleasure was in terms of redlining the redline or blue line. Would Council like to see just changes to the clean document it presently has so there is not so much confusion? Bowers deferred to Mularski and Council colleagues. Mularski asked what would best help Council understand what they would be voting. Bowers said she likes that Underhill date stamps the end of the document so that Council can specifically refer to that. She said it would be fine if Underhill wanted to work with the 11.2.2022 version, as this was the last draft with the blue line that is before Council today. Underhill said he would do his best. McGregor emphasized making sure there is a date on it so that Council could go back and look for what was the closest to the current time.

Recommendation: Second Reading/Adoption on Regular Agenda on 11/21/2022. The item will need amended to reflect the most recent proposed changes to the Development Agreement (EXHIBIT A).

[ORD-0070-2022](#)

AN ORDINANCE ACCEPTING, APPROVING, AND RATIFYING THE SUBMITTED RECOMMENDATIONS OF THE CITY OF GAHANNA TAX INCENTIVE REVIEW COUNCIL FOR TAX YEAR 2021

Nate Strum, Director of Economic Development, said through our Tax Incentive Review Council (TIRC) appointments, the City annually reviews tax abatements as part of the county auditor's process. The TIRC meeting was held prior to June 30, 2022. The TIRC minutes were provided by Franklin County Department of Economic and Community Development and attached to the Ordinance. As part of the submission here, Strum noted that he included the minutes, the agenda, as well as staff reports for that meeting. The staff reports have already been filed as per the state's compliance period of June 30, 2022. This action is requested for Council to now adopt the TIRC recommendations as approved by the county.

Councilmember Weaver commented that in his position for the county, colleagues at the auditor's office spoke very highly of Director Strum and the City of Gahanna's presentation before the TIRC. Weaver said that it was shared specifically that Gahanna's was the best of the county of the presentations from municipalities. Weaver congratulated and thanked Director Strum, administration, and staff.

Councilmember McGregor asked, not specific to this item, would [the TIRC] ever not approve what a company has or has not done as far as incentives? Strum said that absolutely could and does happen. Strum's office reviews

these, especially in the post-1994 CRAs. While he has only been doing this in Gahanna for 18 months, before his employment with the City, Strum has declined four in his prior role for missing of job applications and assessments. Strum said he could not speak to what Gahanna has done historically but emphasized that his office does keep businesses “feet to the fire” to ensure that their obligations and what they say they are going to put forward end up actually occurring. McGregor thanked Strum.

Vice President Bowers noted that it was nice to see all the food-related industry that Gahanna is housing on the southern end of the city. Strum replied that the city did have a very strong ecosystem with this industry.

Recommendation: Introduction/First Reading on Regular Agenda on 11/21/2022; Second Reading/Adoption on Consent Agenda on 12/5/2022.

[ORD-0071-2022](#) AN ORDINANCE APPROVING THE DISSOLUTION OF THE COMMUNITY URBAN REDEVELOPMENT CORPORATION

Nate Strum, Director of Economic Development, and Joann Bury, Director of Finance, reviewed the history of the Community Urban Redevelopment Corporation, or CURC. Strum noted that the basis for the dissolution is that the City does not have any properties for the utilization of the CURC. The dissolution allows for a board to no longer exist under the jurisdiction of the City. Bury added that this was based on old legislation created back in 1978 to create The Industrial Zone (TIZ). This was prior to incentives we have now.

Councilmember McGregor asked when the last property rolled off to the developer. She said it was supposed to be 30 years from whenever they got their lease. Bury said the last one ended in 2014.

Recommendation: Introduction/First Reading on Regular Agenda on 11/21/2022; Second Reading/Adoption on Consent Agenda on 12/5/2022.

C. ITEMS FROM THE DEPARTMENT OF PARKS & RECREATION:

[RES-0033-2022](#) A RESOLUTION ACCEPTING STATE CAPITAL FUNDING THROUGH OHIO DEPARTMENT OF NATURAL RESOURCES FOR RENOVATION OF THE PRICE ROAD HOUSE FOR RECREATION PROGRAMMING

Stephania Ferrell, Director of Parks & Recreation, noted there is a residential home known as the Price Road House that is owned by the City of Gahanna. Due to the home's close proximity to the Big Walnut Trail, as well as the Big Walnut Creek, and being part of the City's parkland, this project represents an opportunity to add some much-needed programmable space for recreational programs. She stated that the administration applied for state capital funding to get this project over the finish line. Thankfully, the City was awarded \$100,000 for the renovation project. The Ohio Department of Natural Resources is a host, or a pass-through, for the state capital funding. As the host, they retain \$2,000 of the funding for administrative costs. Ferrell said the administration is respectfully requesting the approval of \$98,000 to be included into the City's budget.

Councilmember McGregor said that this property was purchased originally to be a school for a small church. Within a couple years, they realized it was not going to meet their needs. They approached the City about possible interest in the property. Because it has this great barn, the church thought the City could use it. It also has a house. The church said they would take payment over two years. McGregor added that at the time the City did not have a lot of money. She said it was really nice that they offered what they did because it allowed the City to purchase that property. Much could be stored there with the heated barn on the property. This is adjacent to Price Road and the southwest floodplain. Ferrell said the pole barn is still used. That is where the department stores its equipment for the summer. Councilmember Angelou asked what year the purchase occurred. Ferrell believed it might have been in the 1980s. McGregor thought it occurred later than that. She said it happened since she has been on Council. She was elected to Council in 2003. She said she would look that up.

Vice President Bowers congratulated Director Ferrell for her work in securing this grant. This is a huge win for moving this project forward.

Recommendation: Adoption on Consent Agenda on 11/21/2022.

D. ITEMS FROM THE DEPARTMENT OF COURT SERVICES:

[ORD-0068-2022](#) AN ORDINANCE AMENDING GAHANNA CODIFIED ORDINANCE SECTION 133.099 FOR MUNICIPAL MAYOR'S COURT SPECIAL PROJECTS FUND

Amanda Parker, Director of Court Services, noted a typographical error in the attachments which referred to Ohio Revised Code (ORC) 1901.23. The correct reference is ORC 1901.26. The Clerk has updated the attachment and typographical error. Parker said this item is mostly housekeeping. The ordinance currently in effect no longer mirrors the ORC. This action would bring the City in line with ORC. The current ordinance limits how much the Court can charge for the Special Projects Fund, also known as the Building Fund. It also limits the purposes for which the City can use the fund. Currently, the court can charge no more than \$5 per case and can only be used toward the rehabilitation or purchase of facilities. Parker explained that the ORC does not put a limit on the fee that can be charged. ORC also expands the purpose from the rehabilitation or purchase of facilities to include hiring and training of staff, community service programs, employment of magistrates, training of judges, and other related services. The proposed Ordinance opens up the possibility for the City to make changes in the future.

Vice President Bowers asked when ORC 1901.26 had been adopted or modified. Parker said she did not know but could find out and report back. Councilmember McGregor said she remembered that Council set that charge also not long after she had been first elected. McGregor was a proponent of limiting the money because it really did not have a use at the time. She said

she was afraid that it would just become a slush fund. Parker said the current ordinance was adopted in May 2005. McGregor said her concern then was that the money would be just used for whatever. Council put some tight restraints on it at that time. Parker noted that Council had imposed the limitation on the charge amount and that it was not set in ORC. McGregor said that it had been proposed as \$10 or something, but Council kept it low because it really did not have a purpose at the time.

Vice President Bowers asked if the item required an amendment for the typographical issue. Clerk VanMeter said that the typo had already been corrected. This was just a number reference for the ORC that had an incorrect digit. VanMeter noted Parker's report had also been updated and attached to the ordinance with the corrected ORC reference. Therefore, there was no need for any amendment during Council.

Recommendation: Introduction/First Reading on Regular Agenda on 11/21/2022; Second Reading/Adoption on Consent Agenda on 12/5/2022.

E. ITEMS FROM THE DEPARTMENT OF PUBLIC SERVICE:

[ORD-0069-2022](#) AN ORDINANCE AMENDING GAHANNA CODIFIED ORDINANCES TITLE THREE PUBLIC UTILITIES - CHAPTER 921 SANITARY SEWER CONNECTIONS AND RENTAL RATES AND CHAPTER 929 WATER CONNECTIONS AND RATES - AND DECLARING AN EMERGENCY

Corey Wybensing, Finance Manager, presented on the recommended annual modifications for 2023 on behalf of the Public Service Department. Wybensing said this item was part of the annual routine change request related to utility fees. Interim Director James and Wybensing met to review and discuss rates associated with the City's Water Operations Fund, Water Capital Funds, Sanitary Sewer Operations Fund, Sanitary Sewer Capital Fund, Stormwater Fund, and the garbage and collection fees. Throughout these meetings, Wybensing said they discussed comprehensively the factors leading to their recommendations. In late October, the City of Columbus Department of Public Utilities announced that they were recommending in their 2023 budget to raise water and sewer rates by an aggregate of 4.5 percent for all customers. This is the single largest factor in the operational rate setting for the City of Gahanna. Wybensing added that over the next few years, the City of Columbus projects that sewer rate increases will peak around 7 percent and water rates will peak around 6 percent. These anticipated rate increases are the result of many factors that include increased prices and materials and chemicals, meeting EPA requirements, and an increase in the debt repayment for capital projects. All of these increased costs by the City of Columbus directly impact the rates that Gahanna charges users. In the early 2000s, the EPA issued a consent decree to Columbus along with many other communities around the nation. Columbus immediately planned to address the EPA's orders, which allowed for them to take on gradual debt to make the required improvements as opposed to significant unanticipated double-digit increases. To cover the City of Columbus's rate increases and internal operations here at the City, the

administration is proposing a matching 4.5 percent increase. This equates to a 3 percent, or 27 cents for every 1,000 gallons of water, increase and a 6 percent, or a 52 cent, increase for sanitary sewer for a net of 4.5 percent. These increases are only associated with the operational costs and no increases are being recommended for the Water Capital, Sanitary Sewer Capital, or the Stormwater Fund, as current fund balances and anticipated revenues and expenditures project sufficient funding levels for 2023. Also, Wybensinger said that included in the recommendation is an increase of \$0.07 per ERU per month associated with the Columbus consent order. This fee is a pass-through to the City of Columbus for EPA requirements for capital projects associated with separating sanitary and storm sewer. In total, the recommended rate increase equates to a \$3.23 per month increase based on average consumption of 4,000 gallons. For a family of four, with two adults and two children, Wybensinger estimated that with about 3,000 gallons used this would equate to a \$2.44 per month increase. No increases are being recommended for garbage and collection rates in 2023. The City is under contract until 2024. There is a contractual fuel surcharge that was applied in 2022 that will continue to be monitored for its necessity. Other sections required to be reported are identified through the summary provided. With no changes, these will be continued to be reviewed and reported annually. Also included in the administration's recommendation is a minor language change to adjust the title from "Director of Public Service and Engineering" to "Director" pursuant to the City Attorney's guidance. The administration respectfully requests that this be passed under emergency to ensure its effectiveness as of January 1, 2023.

Councilmember Padova noted that it says under the Columbus consent order that this is passed through to Columbus and Gahanna does not keep any of this money. Is that for the sanitary sewer and water rates as well?

Wybensinger said, no, the Columbus consent order is specific to the EPA requirements for their capital improvement to their stormwater.

Vice President Bowers said her recollection on the waste/garbage collection was that the City had an optional extension with the current contract with Local Waste Services. Wybensinger said the City went into contract through 2024. That was not any extension option. The transition was from Rumpke to Local Waste. He noted the City is still under that original contract, but there are extension options for this current contract. Bowers said that was what she had meant to clarify, that there were extension options with the current contract. Wybensinger said for the current contract for the three years there are no rate increases into the base rate.

Recommendation: Introduction/First Reading on Regular Agenda on 11/21/2022; Second Reading/Adoption on Consent Agenda on 12/5/2022.

F. ADJOURNMENT:

With no further business before the Committee of the Whole, the Chair adjourned the meeting at 8:11 p.m.

Jeremy A. VanMeter
Clerk of Council

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

Merisa K. Bowers