



TO: Gahanna City Council
Clerk of Council

FROM: Shannon Hamons, Director of Economic Development
Mayor Laurie A. Jadwin

Cc: Priya Tamilarasan, City Attorney
Joann Bury, Director of Finance

DATE: February 6, 2024

SUBJECT: Dept. of Economic Development - Request for Council Action (2/12/24 COTW Meeting)

ACTION ITEMS

ACTION ITEM #1: REQUEST TO AUTHORIZE MAYOR TO ENTER INTO AN OFFICE & INDUSTRIAL INCENTIVE AGREEMENT WITH NUVIK USA, INC, FOR THE RELOCATION AND EXPANSION OF ITS CROCODILE CLOTH GAHANNA OPERATION

Nuvik USA, Inc. is parent company to Crocodile Cloth, one of the fastest growing disposable cleaning cloth companies in the country. Their products are designed for home DIYers and crafters that need strong cloths for big messes that do not fall apart or require use of many cloths. <https://crocodilecloth.com/>

Crocodile Cloth has been located at 930 Claycraft Rd. since 2019 and had 25 employees with an annual payroll of \$2.4 million in 2023, which generated \$36,000 in income taxes to the City of Gahanna. The company has been considering options for growth, including moving out of Gahanna to another jurisdiction. However, the company has now expressed interest in staying in Gahanna and moving to the new 291,000 sf speculative building located at 1800 Deffenbaugh Ct. The company would vacate approximately 60,000 sf at its current location and immediately fill approximately 96,000 sf at the Deffenbaugh building, with an opportunity to grow to more than 130,000 sf in the future.

To encourage the retention and local expansion of the company in Gahanna, the Administration recommends the utilization of an Office and Industrial Incentive (O&I) to the company. The attached spreadsheet depicts their anticipated growth after the move. Within five years, the company expects to grow to 70 employees with an annual payroll of \$6.8 million. The total non-

issue 12 payroll tax increase over the current level for the next five years is calculated to be \$201,000. A five-year, 50% O & I incentive would then total \$100,500. The company only receives the incentive based on actual performance, so the amount could be higher or lower depending on actual job growth. The incentive has no bearing on existing income tax collection and has no impact on the School District.

Furthermore, another company currently located in the Claycraft building, Benchmark Industrial Supply, is projected to backfill the space vacated by Crocodile, which will enable them to grow from 65 employees to 145 within five years. Benchmark projects that its payroll will grow from \$6 million in 2023 to nearly \$15 million in that time frame, which would generate an additional \$417,000 in income taxes to the City over the next five years.

The O&I Advisory Committee met on Feb. 2 to review the incentive request for Crocodile Cloth, with all members stating support for the measure.

The Department of Economic Development respectfully requests Council to issue an Ordinance authorizing the Mayor to enter into an Office & Industrial Agreement with Crocodile Cloth, Inc. for job creation after its relocation to 1800 Deffenbaugh Ct. Because the company must commit to a lease immediately in order to begin the relocation process and accept delivery of new machinery that will be needed in a new building (whether in Gahanna or in another jurisdiction), the Department is requesting that the Ordinance be passed with a **Waiver** and **Emergency**.

Requested Legislation and Funding

Legislation Needed:	Ordinance
Emergency/Waiver:	Emergency and Waiver
Vendor Name:	N/A
Vendor Address:	N/A
Already Appropriated:	N/A
Supplemental/Transfer:	N/A

Attachments

DEV-ATT Nuvik USA O&I Program Application
DEV-ATT Employment and Payroll projections
DEV-ATT Nuvik USA O&I Agreement

Contract Approvals

This item has been approved by the Mayor.
This item has been approved by the Director of Finance.
This item has been sent to the City Attorney for review.

ACTION ITEM #2: RESOLUTION APPROVING 'DETERMINATION OF COMPLIANCE' OF A PETITION FOR ORGANIZATION OF A NEW COMMUNITY AUTHORITY, AND SETTING A TIME A PLACE OF A HEARING ON THE PETITION

Gahanna City Council approved a Development Agreement with CP Crescent, LLC on November 11, 2022 (ORD 0062-2022) that outlined a Community Reinvestment Area (CRA), Tax Increment Financing (TIF) District, Development Standards, and New Community Authority Program (NCA). The legislation defined the elements related to commercial and multi-family development within a defined area of the Crescent at Central Park ("Crescent") - 41.0 +/- acres adjacent to Interstate-270 & Hamilton Rd interchange.

In accordance with that Ordinance, the developer has submitted a 'Petition for Organization of a New Community Authority'. The purpose of a New Community Authority is to encourage the orderly development of a well-planned, diversified and economically sound new community. A "new community" can include facilities for the conduct of industrial, commercial, residential, cultural, educational and recreational activities designed in accordance with planning concepts for the placement of utility, open space and other supportive facilities as authorized under Chapter 349 of the Ohio Revised Code.

NCA's have the following powers:

- Purchase of real or personal property.
- Improve or sell real or personal property and community facilities.
- Provide recreation, educational, health, social, vocational and cultural activities primarily for residents of the district.
- Collect service fees to cover community development programs.
- Enforce collection of community development charges.
- Issue debt and pay costs of operation and maintenance of community facilities.

An NCA does not have authority over the following:

- Zoning or subdivision regulations.
- Provision of police or fire protection.
- Water supply or sewer treatment or disposal.

The Gahanna Crescent NCA:

- Will only impact properties within the defined Crescent area and would have no impact on properties outside of the area.
- Will not impact the collection of existing school taxes or city taxes in any way.
- Could increase millage on properties within the Crescent NCA.

The consideration of the Petition for the NCA does not require legislation by City Council, only an acknowledgement that the required items of the Petition have been provided in accordance with ORC Section 349. However, a Resolution accepting the petition of required items is requested to be placed on the Feb. 19 Regular Council meeting agenda and accepted on that date, with the date for the hearing also set.

The required NCA compliance items are outlined in a provided attachment. Additionally, an attached memo provided by Sean McCarter of the law firm Albers and Albers fully outlines the

process for creating an NCA. Part of the process includes the setting of a time and place for conducting a hearing on the Petition, which is to be held not less than 30 days nor more than 45 days after the Petition Filing Date. The petition filing date is the date when the Petition is officially presented to the Clerk of Council (see date of this memo). It is recommended that the hearing be set at the Regular Council meeting on March 18, which would be 41 days from the official filing with the Clerk of Council's office.

Requested Legislation and Funding:

Action Needed	Resolution accepting NCA Petition Compliance and setting of a hearing date for March 18, 2023
Legislation Needed:	N/A
Emergency/Waiver:	N/A
Vendor Name:	N/A
Vendor Address:	N/A
Already Appropriated:	N/A
Supplemental/Transfer:	N/A

Attachments:

- DEV-ATT Petition for Organization of a New Community Authority
- DEV-ATT Requirement Checklist for an NCA Petition
- DEV-ATT Memorandum from attorney Sean McCarter outlining the NCA process
- DEV-ATT Zoning Regulations Applicable to an NCA

Contract Approvals

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