



City of Gahanna

200 South Hamilton
Road
Gahanna, Ohio 43230

Signature

Ordinance: ORD-0020-2024

File Number: ORD-0020-2024

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A COMMUNITY REINVESTMENT AREA INCENTIVE AGREEMENT WITH BURNS AND SCALO TO FACILITATE RELOCATION OF ITS CORPORATE HEADQUARTERS TO A NEW FACILITY ON TECH CENTER DRIVE, PART OF COMMUNITY REINVESTMENT AREA #3

WHEREAS, the Department of Economic Development requests that this Council authorize the Mayor to enter into a Community Reinvestment Area (CRA) Agreement with BSOH HQ LLC ("Burns and Scalo") to facilitate the planned relocation of its corporate headquarters presently located in Delaware, Ohio, to a new facility contemplated for development on an 8.48-acre parcel (025-013634) on Tech Center Drive, part of Community Reinvestment Area #3; and

WHEREAS, the Burns and Scalo company plans to invest approximately \$8.7 million in the purchase and development of the above-referenced parcel to include construction of a 34,500 sq. ft. building comprising 10,000 sq. ft. of office space; and

WHEREAS, the Burns and Scalo company would, as a result of the approval of a 12-year, 70 percent tax abatement on the improvements, and subsequent relocation, bring 34 employees to the City, consisting of an anticipated \$2.228 million in annual payroll and nearly \$56,000 in annual payroll taxes; and

WHEREAS, the Burns and Scalo company expects to grow to 52 employees within the first six years after relocation to Gahanna, generating an anticipated \$85,000 or more in annual income taxes; and

WHEREAS, the incentive is anticipated to result in an estimated net of \$514,682 in new payroll taxes to the City over 12 years, and with the increase in land taxes and new building taxes, the City would receive about \$18,400 in revenues over the 12 years, as compared to about \$7,972 that would be collected on only land taxes over the same period.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GAHANNA, COUNTY OF FRANKLIN, STATE OF OHIO:

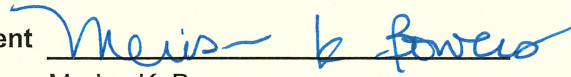
Section 1. That the Mayor is authorized to execute a Community Reinvestment Area Agreement with BSOH HQ LLC, for its facility to be located on parcel 025-013634 on Tech Center Drive, Gahanna, OH 43230; said Agreement attached hereto as EXHIBIT A and made a part herein.

Section 2. That this Ordinance shall be in full force and effect after passage by this Council and 30 days after date of signature of approval by the Mayor.

At a regular meeting of the City Council on April 1, 2024, a motion was made by Schnetzer, seconded by Renner, that this Ordinance be Adopted as Amended. The vote was as follows:

Ms. Bowers, yes; Ms. Jones, yes; Ms. McGregor, yes; Ms. Padova, yes;
Mr. Renner, yes; Mr. Schnetzer, yes; Mr. Weaver, yes

President

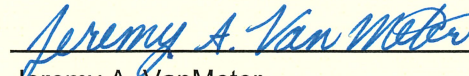


Merisa K. Bowers

Date

4/1/24

Attest by

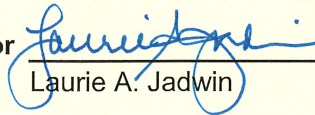


Jeremy A. VanMeter
Clerk of Council

Date

4/1/2024

Approved by the Mayor



Laurie A. Jadwin

Date

4.1.24

Approved as to Form



Priya D. Tamilarasan
City Attorney

Date

4/1/24

COMMUNITY REINVESTMENT AREA #3 AGREEMENT

This Agreement (the "Agreement") is made and entered into on May 16, 2024, by and between the City of Gahanna, Ohio ("Gahanna"), an Ohio Municipal Corporation, with offices located at 200 S. Hamilton Road, Gahanna, OH 43230 and BSOH HQ LLC ("Burns and Scalo" or "the Company") with its facility to be located on parcel 025-013634 on **Tech Center Drive** (collectively referred to herein as the "Parties").

WITNESSETH:

WHEREAS, Gahanna City Council by Substitute Resolution No. 29-92, 17-95, Resolution 980129 and SR-0003-2005 designated the area as Community Reinvestment Area #3 pursuant to Chapters 3735.65 to 3735.70 of the Ohio Revised Code; and

WHEREAS, Gahanna has encouraged the development and improvement of real property and the acquisition of personal property located in the area designated as Community Reinvestment Area #3; and

WHEREAS, BURNS AND SCALO is desirous of constructing its new industrial and office facility (hereinafter referred to as the "Project") within the boundaries of the forementioned Community Reinvestment Area, provided that the appropriate development incentives are available to support the economic viability of said Project; and

WHEREAS, Gahanna having the appropriate authority for the stated type of project is desirous of providing BURNS AND SCALO with incentives available for the development of the Project in said Community Reinvestment Area under Chapter 3735 of the Ohio Revised Code; and

WHEREAS, BURNS AND SCALO has submitted a proposed agreement application, herein attached as **Exhibit A**, to Gahanna said application hereinafter referred to as the "Application"; and

WHEREAS, the Director of Economic Development for Gahanna has investigated the Application of BURNS AND SCALO and has recommended the same to Gahanna City Council on the basis that BURNS AND SCALO is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Community Reinvestment Area and improve the economic climate of Gahanna; and

WHEREAS, all required notices to school districts have been delivered in accordance with Section 5709.83 of the Ohio Revised Code and the Compensation Agreement dated June 2, 2000, (the "Compensation Agreement") by and between Gahanna and the Gahanna-Jefferson Public School District (the "School District"); and the City of Delaware has been duly notified of the company's intent; and

WHEREAS, BURNS AND SCALO has remitted the required municipal application fee of \$250.00 made payable to the City of Gahanna; and

WHEREAS, pursuant to Section 3735.67(A) and in accordance with the format required under Section 3735.671(B) of the Ohio Revised Code, the parties hereto desire to set forth their agreement with respect to matters hereinafter contained.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and the benefit to be derived by the parties from the execution hereof, the parties herein agree as follows:

SECTION 1. LOCATION BY CORPORATION

- 1) BURNS AND SCALO shall cause improvements to be made at the company's location (Parcel: **025-013634**) located on Tech Center Drive, Gahanna, OH, hereinafter referred to as the "**Project Site**" at a cost of approximately \$5,200,000.
- 2) It is expected the Project will begin in April or May of 2024, with construction and installation of equipment in early 2025. The company is estimating that it will invest an additional \$1,000,000 in land and \$2.5 million in new furniture, fixtures, equipment and soft costs.

SECTION 2. EMPLOYMENT AND PAYROLL

1. In the first full year following completion of the building, BURNS AND SCALO shall create 34 permanent new jobs in Gahanna with approximately \$2,228,000 annual payroll subject to Gahanna income tax; and within thirty-six (36) months after completion of construction of the Project, have 42 full-time equivalent jobs and approximately \$2,758,000 total annual payroll subject to Gahanna income tax; and, within seventy-two (72) months after completion of construction at the Project, have 52 full-time equivalent jobs and approximately \$3,414,000 in annual payroll subject to Gahanna income tax. The aforementioned number of total jobs must be retained throughout the incentive period.
2. If BURNS AND SCALO fails to materially meet or maintain the above employment and payroll deliverable for any given calendar year during the course of this Agreement, BURNS AND SCALO shall make a payment in lieu of taxes to Gahanna in the amount equal to 35% of real property taxes abated for that year pursuant to the real property tax exemption granted by this Agreement. This payment in lieu of taxes shall apply only to years where the employment and payroll deliverable has not been met. In determining material compliance with the requirements of Section 1, Gahanna shall consider the effect of market conditions on the Project.

Equal Employment Opportunity, Diversity and Inclusion: In connection with the carrying out of this agreement, BURNS AND SCALO shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, gender identity, national origin, ancestry, disability, age or marital status. The COMPANY is committed to equity, diversity, and inclusion in its workforce and will make good faith efforts to be mindful of same in their employment policies and practices including, but not limited to: recruitment, retention, training, promotion, and compensation.

SECTION 3. PROGRAM COMPLIANCE

1. BURNS AND SCALO shall provide to the proper Tax Incentive Review Council any information reasonably required by the Council and annual reports to Gahanna to evaluate the property owner's compliance with this Agreement, including returns filed pursuant to Section 5711.02 of the Ohio Revised Code.
2. Gahanna hereby grants BURNS AND SCALO a tax exemption for only the real property improvements made to the Project site pursuant to Section 3735.67 of the Ohio Revised Code and shall be in the following amounts:

Tax Exemption Amount:	70%
Initial Term of Tax Abatement:	12 years

3. The exemption will have no impact upon the existing land valuations of the property as they appear on the 2023 tax information provided by Franklin County, OH. The exemption on improvements commences January 1, 2026.
4. BURNS AND SCALO is required to pay an annual fee equal to that contained in the Development Fee Schedule as authorized in Chapter 148 of the Codified Ordinances of Gahanna. This fee shall be paid once per year for each effective year of this Agreement by the first of March beginning the first year of abatement.
5. BURNS AND SCALO shall pay such real and tangible personal property taxes as are not exempted under this Agreement and are charged against such property, including assessed values captured during the construction period, and shall file all tax reports and returns as required by law. If BURNS AND SCALO fails to pay such taxes or file such returns and reports, all incentives granted under this Agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.
6. BURNS AND SCALO, or the operating business tenants at the Project site, shall maintain a current membership in the Gahanna Area Chamber of Commerce.
7. For BURNS AND SCALO to remain eligible for any benefit to be derived from the terms of this Agreement, all operating business tenants at the Project Site shall, for the length of the incentive term, file Annual Municipal Net Profit Returns with Gahanna, or its designee, in order for Gahanna to verify the information provided therein.
8. Should BURNS AND SCALO, and/or operating business tenants at the Project Site, file the Annual Municipal Net Profit Returns through the Ohio Business Gateway or through some other means directed by the Ohio Tax Commissioner pursuant to Ohio Regulation 5703-41-1, rather than directly with Gahanna, BURNS AND SCALO will forfeit eligibility to receive the property tax abatement incentive benefit for that Reporting Year.

9. Gahanna shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this Agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.
10. If for any reason the Community Reinvestment Area designation expires or is revoked by Gahanna, entitlements granted under this Agreement shall continue for the number of years specified under this Agreement, unless BURNS AND SCALO materially fails to fulfill its obligations under this Agreement and Gahanna terminates or modifies the exemptions from taxation granted under this Agreement.
11. If BURNS AND SCALO materially fails to fulfill its obligations under this Agreement, or if Gahanna determines that the certification as to the delinquent taxes required by Agreement is fraudulent, Gahanna may terminate or modify the exemptions from taxation granted under this Agreement and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this Agreement.
12. BURNS AND SCALO hereby certifies that at the time this Agreement is executed, BURNS AND SCALO does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio and does not owe delinquent taxes for which BURNS AND SCALO is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747 or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed, BURNS AND SCALO is currently paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against BURNS AND SCALO. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.
13. BURNS AND SCALO affirmatively covenants that it has made no false statements to the State or Gahanna in the process of obtaining approval for Community Reinvestment Area incentives. If any representative of BURNS AND SCALO has knowingly made a false statement to the State or Gahanna to obtain Community Reinvestment Area incentives, BURNS AND SCALO shall be required immediately to return all benefits received under this Agreement pursuant to Ohio Revised Code Section 9.66(C)(2) and shall be ineligible for any future economic development assistance from Gahanna, any state agency or a political subdivision pursuant to Ohio Revised Code Section 9.66(C)(1). Any person who provides a false statement to secure economic development assistance may be guilty of falsification, a misdemeanor of the first degree, pursuant to Ohio Revised Code Section 2921.13(D)(1), which is punishable by a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.
14. Exemptions from taxation granted under this Agreement shall be revoked if it is determined that BURNS AND SCALO, any successor to that person, or any related member (as those terms are

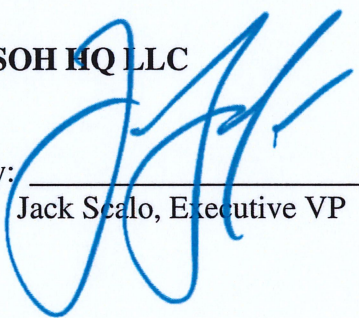
defined in Division (E) of Section 3735.671 of the Ohio Revised Code) has violated the prohibition against entering into this Agreement under Division (E) of Section 3735.671 or Section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.

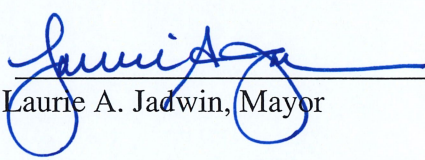
15. This Agreement is not transferable or assignable without the express, written approval of Gahanna, which shall not be unreasonably withheld.
16. BURNS AND SCALO and Gahanna acknowledge that this Agreement must be approved by formal action of Gahanna City Council as a condition for this Agreement to take effect.
17. This Agreement may be executed in one or more counterparts, each of which constitutes an original agreement and all of which constitute one and the same original agreement.
18. If any provision of this Agreement is held to be illegal, invalid or unenforceable, said provision is fully severable. This Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

IN WITNESS WHEREOF, the City of Gahanna, Ohio by Shannon Hamons, Housing Officer, and pursuant to Substitute Resolution No. 29-92, 17-95, Resolution 980129 and SR-0003-2005, and Ordinance No. 0020-2024, has caused this instrument to be executed this 16th day of May, 2024 and BURNS AND SCALO, by its duly authorized signor, has caused this instrument to be executed on this 16th day of May, 2024.

BSOH HQ LLC

City of Gahanna, Ohio

By:  May 16, 2024
Jack Scalo, Executive VP

By:  May 16, 2024
Laurie A. Jadwin, Mayor

Approved as to form:

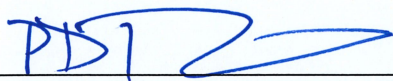

Priya Tamilarasan, City Attorney

EXHIBIT A

CRA APPLICATION

EXHIBIT A



Community Reinvestment Area Incentive Application
City of Gahanna Economic Development Department
200 S. Hamilton Road, Gahanna, OH 43230 Phone: (614) 342-4015

Date Application Received: JAN 26, 2024

CRA #: 3

Date \$250 Application Fee Received: ✓

Date \$750 ODSA Fee Received: N/A

Applicant Information:

Burns and Scalo Ohio Inc.

Company Name

73 London Rd., Delaware, Ohio 43015

Address

412-458-3869

Phone

Jack Scalo

Contact Name

President & CEO

Contact Title

ScaloJ@burns-scalo.com

Email

Project Information:

Tech Center Drive

Project Address

Roofing, Metal Wall Panels and Solar

Type of Business (Manufacturing, warehouse, retail sales, etc.)

025-013634

Parcel Number (Required)

1761

Primary Standard Industrial Code # (May also list other relevant SIC numbers)

If a consolidation, what are the components? (Itemize the locations, assets and employment positions to be transferred.)

Corporation

Form of business or enterprise (Corporation, partnership, proprietorship or franchise.)

Where is your business currently located? ☒ In State ☐ Out of State ☐ Central Ohio ☐ Gahanna

The attractive business environment, excellent access to the City and a desirable site on Tech Center Drive.

Why are you locating your business in Gahanna?

Jack Scalo

Name of principal owner(s) or officers of the business

0

Current employment level at the proposed project site

Will the project involve the relocation of employment positions or assets from one Ohio location to another?

☒ Yes ☐ No

The business would be relocating from Delaware to Gahanna.

If yes, state the locations from which employment positions and assets will be relocated from/to.

34 Full Time Employees and 8 1099 positions

Company's current employment level in Ohio (itemize by full-time, part-time, permanent and temporary employees)

42 positions (both W-2 and 1099) employees in 2023

List current employment level for each facility to be affected by the relocation of employment positions or assets

42 employees in 2023 from the Delaware facility to the proposed Gahanna property.

Projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated

Does the Applicant owe any of the following:

- Delinquent taxes to the State of Ohio or a political subdivision of the state? ☐ Yes ☒ No
- Any monies to the State or a state agency for the administration or enforcement of any environmental laws of the state? ☐ Yes ☒ No
- Any other monies to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not? ☐ Yes ☒ No

If yes to any of the above, please provide complete details of each instance including the location, amounts and/or case numbers.

8.48 acre parcel with a 24,550 sf warehouse facility and a 9,965 sf office

Project description

Projected start date is April 2024

Expected completion February 2025

Date project will begin

Date project will be completed

The company expects to grow from 34 full time W2 employees in 2023 to 52 full time employees by 2029

Estimated number of **NEW** employees the Applicant will cause to be created at the facility that is the project site. (Separate job creation projection by the name of the employer and itemize by full-time, part-time, permanent and temporary employees.)

6-Years

Time frame for projected hiring (number of years)

The current Delaware staff will be relocated to Gahanna and expected to grow by 18 employees in 6 years.

Proposed schedule for hiring (itemize by full-time, part-time, permanent and temporary employees.)

6-years

Estimate the amount of annual payroll **NEW** employees will add. (New annual payroll must be itemized by full-time, part-time, permanent and temporary employees.)

Payroll is expected to grow from \$2.228 million to \$3.414 million in the 6 year timeframe

Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project.

Estimate the amount to be invested by the Applicant to establish, expand, renovate or occupy a facility:

Land Cost	\$ 1,060,000
Additions/new construction	\$ 5,273,485
Improvements to existing buildings	\$
Machinery & equipment	\$
Furniture & fixtures	\$
Inventory	\$
Other - Soft Costs and Carry	\$ 2,528,615
Total New Project Investment:	\$ 8,862,100

Applicant requests the following tax exemption incentive: 80 % for 12 years

Due to the high cost of construction materials and the grow in labor costs the expense of a new facility is prohibitive without the real estate tax abatement to make the facility affordable.

Reasons for requesting tax incentive (Be as specific as possible and attach any supporting documentation.)

I certify that a tax incentive is necessary for location and/or expansion of my business in Gahanna.



Yes



No

Submission of this application expressly authorized the City of Gahanna to contact the Ohio Environmental Protection Agency to confirm statements contained within this application and to review applicable confidential records. As part of this application, the Applicant may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the City of Gahanna. The Applicant agrees to supply additional information upon request.

The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of Ohio Revised Code Section 9.66(C)(1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistant benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

Thomas A. Caldwell - Authorized Representative

January 25, 2024

Applicant Name & Title

Date

Thomas A. Caldwell

Signature

The City of Gahanna will assume responsibility for notification to the affected Boards of Education.

This application will be attached to the Community Reinvestment Area Agreement as Exhibit A.

CITY OF GAHANNA, OHIO

Shannon David Hamms
Name & Title *Director, Economic Development*

Shannon *1-26-2024*
Signature Date

Updated: 10/2020