

**City of Gahanna  
Incentive Application Form**

1. Company name: Ohio State University Physicians, Inc.
2. Company address: 700 Ackerman Road  
Columbus, Ohio 43202
3. Type of business: Health care
4. Company contact person: Richard Sobieray
5. Telephone number: 614-947-3700 email: richard.sobieray@osumc.com
6. Proposed location of new leased/owned space: 920 N. Hamilton Road
7. Prior or current location: None.
8. Number of employees to be employed at site: 70
9. Estimated payroll for employees at site: \$6,000,000
10. Company Description (i.e. Years in business, ownership): Please describe in detail on a separate sheet of paper.
11. If leased space provide the terms of the lease: Long-term leases will be in place with affiliated health care entities.
12. Growth Projections (income):

<u>YEAR 1</u>	<u>YEARS</u>
<u>-\$484,000</u>	<u>\$1,145,000</u>
<u>(LOSS)</u>	<u>(GAIN)</u>

Application Acknowledgement

As an authorized agent of the applicant company, I hereby submit this application for consideration. I understand that any information on this application found to be false or misleading could result in the termination of this program.

[Signature] CFO 7/24/08  
Signature/Title Date

Approved by: \_\_\_\_\_  
City of Gahanna

Ohio State University Physicians, Inc.  
City of Gahanna  
Incentive Application Form  
(Item 10. Supplement)

Item 10. The Ohio State University Physicians, Inc. is an Ohio 501(c)(3) corporation all of whose members are physicians practicing in The Ohio State University health care network. As a legal entity, company was created in 1995 as the Family Medicine Foundation, Inc. assuming its current name in 2002.

## MEMORANDUM

To: Becky Stinchcomb, Mayor  
Gahanna City Council  
Incentive Advisory Board

From: Sadicka White, Director of Development  
Anthony Jones, Deputy Director of Development

Date: July 24, 2008

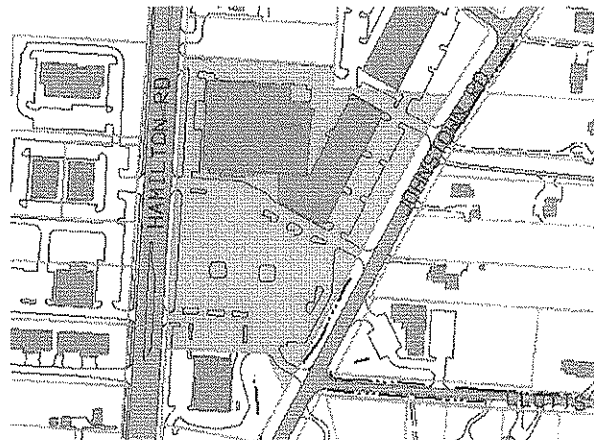
Subject: Office and Industrial Rebate for OSU Physicians, Inc.

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The City of Gahanna has received an application for an Office & Industrial Incentive from OSU Physicians Inc. (OSU). OSU is a company consisting of several specialty physicians that are currently practicing medicine at the Ohio State University.

### Project Summary

OSU is proposing to establish a specialty medical facility at 920 Hamilton Road in order to provide a variety of medical services to the suburban community of central Ohio. The specialty medical facility will house approximately 70 employees with an anticipated payroll of \$6,000,000. OSU is currently negotiating to purchase the property for approximately \$6,000,000 and they plan to spend an additional \$5,000,000 in renovate the facility.



They have applied for the rebate to defray the cost of relocation to Gahanna and to make the Gahanna site competitive with others throughout the region. Without the rebate, the company will not locate in Gahanna.

In addition, this project will completely renovate a big box store that has been vacant for over 4 years along the city's main thoroughfare. These types of properties are extremely difficult to revitalize. Moreover, this property has a greater probability of remaining occupied in the long term because OSU will be the property owner and not a leased tenant.

### Project Recommendation

In order for the City of Gahanna to attract this large medical employer the Department of Development recommends the following:

- Provide an Office & Industrial Incentive of 50% of the annual 1.5% Gahanna payroll taxes collected for a term of five years. (Approximately a \$44,999 annual rebate.)
- Install a traffic signal for the Big Bear Drive/Hamilton Road Intersection in order to accommodate the increase in traffic for that site. Approximate cost of \$175,000.
  - In June 2008, W.E. Stilson performed a traffic study that stated a traffic signal at that intersection was warranted.

According to the attached Fiscal Impact Analysis, the net present value of revenue gained by the City of Gahanna over the next 10 years for this project is \$246,695.

# Fiscal Impact Analysis

## OSU Physicians Office at 920 Hamilton Road

Key Project Elements		Medical Office
Acreage		4.95
Original value of parcel(s)	\$	1,173,786
Modeling existing conditions only (no changes)?	no	
Nature of planned development		
Industry		Health Care
Square footage		56,674
Value per SF	\$	150
Expected value after development	\$	8,501,100
Renovation cost	\$	5,000,000
New construction cost	\$	-
Total construction cost	\$	5,000,000
Total jobs		70
Anticipated payroll per worker (leave blank if unknown)	\$	85,714
Corporate income tax	\$	1,319

Net Present Value of Tax Revenue  
\$246,695

This number includes the installation of a street light.

Project Summary		Project Completion Timeframe
Acreage	4.95	Year 1 100%
Original value of parcel(s)	\$ 1,173,876	Year 2 100%
Square footage (nonresidential)	56,674	Year 3 100%
Expected value after development	\$ 8,501,100	Year 4 100%
Total construction cost	\$ 5,000,000	Year 5 100%
Estimated Employment & Income Impacts		Year 6 100%
Total annual payroll from daytime only workers	\$ 5,999,980	Year 7 100%
Total annual payroll from new residents (adjusted for credit)	\$ -	Year 8 100%
Total jobs	70	Year 9 100%
Annual Payroll	\$ 5,999,980	Year 10 100%
Annual Income Tax	\$ 90,000	Year 11 100%
Annual Property Tax	\$ 882	Year 12 100%
Annual Corporate Profit Tax	\$ 1,319	Year 13 100%
Annual Lodging Tax Revenue	\$ -	Year 14 100%
Construction Payroll Tax (nominal over project life)	\$ 24,344	Year 15 100%

### Discounted Present Value of Tax Impacts over Time

Period of Analysis: 10 years	Nature of Income Tax Rebate: 50%	Length of Income Tax Rebate: 5 years
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Net Present Value of Tax Impact		City of Gahanna
New Property Tax Liability	\$	34,724
NPV of Income Taxes Rebated	\$	(206,082)
Installation Cost for Street Light	\$	(175,000)
Gahanna Reimbursement of SD	\$	-
Personal Income Tax	\$	767,716
Corporate Income Tax	\$	11,250
Lodging Tax	\$	-
Construction Payroll Tax	\$	23,635
Property Tax Pmts on Orig Value	\$	5,563
Gross Tax Receipts	\$	461,806
Net Tax Receipts (less pmts on orig value)	\$	456,243
Less NPV of Cost of Community Services	\$	(209,548)
Net Revenue After Service Costs	\$	246,695

Annual Cost of Community Services		Medical Office
Current Operations & Maintenance	\$	5,706
Security of persons & property	\$	149
Public health	\$	-
Leisure time activities	\$	4,331
Community development	\$	80
Basic utility services	\$	1,772
Transportation	\$	1,349
General government	\$	10,925
Capital outlay	\$	-
Debt service	\$	-
Principal retirement	\$	54
Interest & fiscal charges	\$	14
Insurance costs	\$	185
Total annual expenditures	\$	24,565