

City of Gahanna

*200 South Hamilton Road
Gahanna, Ohio 43230*



Meeting Minutes

Monday, October 28, 2002

Immediately Following Previous Committees or

8:00 PM

Council Committee Rooms

Finance Committee

Debra A. Payne, Chair

Karen J. Angelou

L. Nicholas Hogan

Robert W. Kelley

John McAlister

David B. Thom

Michael O'Brien, ex officio

W. Jerome Isler, ex officio

Members Present: Debra A. Payne, L. Nicholas Hogan, Michael O'Brien, Karen J. Angelou, Robert W. Kelley, John McAlister and David B. Thom

ADDITIONAL ATTENDEES:

Stinchcomb, Weber, Isler, Hall, Franey, Mitchell, Wetherholt, Komlanc, White, Press.

ISSUES - From Director of Finance:

Supp. App. - CVB:

Isler stated he had sent a memo; need to be able to pay the CVB the percentage set; need a supplemental in order to do that; is out of funds received; just passing through what we have collected..

RECOMMENDATION: 1st reading, no need to come back to committee, 2nd reading, consent agenda.

Code Change - Chapter 161, Income Tax:

Isler stated we would prefer not to make this change but law says we have to; will definitely affect the amount of tax we collect; will put us behind; State says that is the way we have to do it; under their rule change they were satisfying a group of CPA's; keep in mind the current Tax Administrator of the State hates municipal income tax and would like to do away with it; this change is what the law requires; subsequently there may be some other changes we would like to do but this has to be in effect.

Angelou stated that this follows state code. Weber stated he has looked at it; since it is statutory not much we can do; don't have much choice; will review again prior to next committees.

RECOMMENDATION: 1st reading, bring back to Finance Committee.

ISSUES - From Previous Committees:

Communications & Technology: McAlister stated there was a proposal from Michalec to purchase a scanner printer at \$18,000; committee feels it should move forward; various City departments can use; zoning maps are currently done by EMH&T and could be done in house; they have given us the information so by January we hope to do ourselves; will eventually pay for itself in items we don't have to send out; did not include maintenance in the purchase; go without for 1st year due to warranty.

RECOMMENDATION: 1st reading, no need to come back to committee; 2nd reading, consent agenda.

ORD-0212-2002

TO ADOPT THE CITY OF GAHANNA OFFICE & INDUSTRIAL INCENTIVE PROGRAM GUIDELINES PREPARED BY THE DEPARTMENT OF DEVELOPMENT

Thom stated this was being brought forward from Development Committee; has flexibility to give a larger incentive or a smaller incentive; want to leave it with some latitude; not give more than what is necessary.

Angelou stated that most of us haven't heard the presentation; have read it but would like

to hear brief overview.

White stated that subsequent to the creation of the industrial zone in 1978 tax abatements came into play; those properties are built out and structures are older and less competitive in the open market; playing field is not level by community or region or state; in order to keep our properties as marketable as possible came up with this program that is fairly limited in scope; must bring the establishment of new jobs from outside of our community and out of our reinvestment program; program came as a result of our first applicant, the Kahiki; sent you that announcement; they are pursuing the old White food building; in particular we looked at the Columbus program which is an incentive program not based on property tax but income tax withholding which makes it comparable with CRA incentive in which we share with schools; can share up to 50% but for a much shorter window which would be between 1 year and 5 years; the applicant must be bringing jobs from outside of Gahanna; can't be in an already existing CRA area; must have collected income tax of \$15,000 which would need a minimum payroll of \$1 million; only private sector employers are eligible; applicant would apply before leasing or purchasing the building and asking for the incentive; match some state incentives; businesses in order to be eligible for the bond program; will be required to prove and verify the payment; asking for the authorization to put this program into place; each application would come back to Council; it will take legislation for each abatement; take the applications to CURC Board; still applicable and Finance Department is there; they then would make a recommendation; forward that to Council for a look at that application; make our recommendation to Council and let them know whether they want to make a subsequent recommendation. Angelou asked what would be a reason to recommend some one not getting this. White stated that if they believed they wouldn't create the jobs or not meeting the eligibility criteria; would probably be more or less on the incentive itself. Angelou asked how you decide how many years and who gets what. White stated that's why we're taking to CURC Board; leave enough latitude; it might be predicated on some state awards; some will be what they are already getting; also the number of jobs will be taken into consideration; get something more for 1000 jobs versus 10 jobs.

In response to question, White stated that it is done between us and the county auditor; if we don't tell the county auditor that someone has violated their agreement, they won't know; we have to tell them. O'Brien asked what will we have to do to police this. White stated that's what the Development Department does; if they said 75 jobs and create 75 then we're okay; if they say they bring in 75 but don't create any more that's another issue; only pay them on what they produce.

Hogan asked who it would get paid to; we are paying it to the company; the company is collecting 1-1/2% from their employees; half of what they collect from the employees could go back to the company; sounds strange to me; they deduct it as tax paid; we give half back to them; how is accountable. White stated they can offset operating expenses; when we give it back to them they have to report it and show it in their auditing; is a reportable income to the business; how they offset we don't know.

O'Brien stated this is the same thing the City of Columbus did by drawing AEP jobs back downtown. Weber stated this is based upon but not a direct repayment of taxes; not quite the same thing. White stated that Dublin also does it; it's income to us then we disburse the very same way we pay salaries etc; company will be generating more; had another program several years ago but didn't choose to fund it; if we don't maybe we won't get the Kahiki; give them a direct incentive; we have to match the state's incentive. Payne stated it is sad that we need to look at tax abatement and incentives and that the communities around have to compete for business this way; stay long enough and then

go somewhere else to get the next incentive. White stated that in Gahanna we changed all of our agreements; they have clawbacks; they leave and they have to pay them back; the same thing will happen with this; we made it tighter. O'Brien stated we can use this to entice people to come in; any way to keep the next 300 jobs from leaving; this program won't do it. White stated that they will be looked at one at a time; but will have to look at what we do; unfortunately we don't live in a day like before; everything costs such an enormous amount; will cost between \$4 to \$6 million to take the existing building; meets a lot of his criteria - storage, office, freezer, cafeteria in front; is a plus for us as this has been sitting vacant for a long time; accused by previous owner that we haven't given enough attention to that whole area; would another deal come along; it could but it may be another 5 years; is a unique specialty building; because company is located in Columbus they had to give a waiver for them to leave; is based on all these circumstances; we can't match it so state is retaining it in the state and the fact that it retained in the region is good. Angelou stated that variables allow that some will get 1 to 5 years and some may get 20% up to 50%; variables are on number of years, percentages, leasing or owning, etc.

Payne asked where it states they have to stay around. White stated it will be in the actual agreement. Angelou stated she felt there should be some mention that they are expected to stay in the guidelines; if that's part of the criteria it should be included. Council also asked for the words "up to" to be added to the criteria. White agreed to amend the wording and resubmit.

RECOMMENDATION: Postpone for 2 weeks and bring back to Finance Committee with changes.

Recommended for Postponement to a Date Certain

APPROPRIATIONS:

Payne stated that administration plans to get appropriations document to Council on November 15; at committees on the 12th Clerk has an issue for Finance Committee that will affect appropriations; will start discussion that evening; will plan on having discussion on the 25th also in Finance Committee; will then be into Thanksgiving and National League of Cities; be prepared to discuss again on December 9th; also ask that you look at your calendars and set aside December 10 and 11 for possible Finance Committee meetings.

In response to question, Clerk stated her issue for the 12th regarding staffing.

Request that if you have specific issues you present them on the 25th so that administration has a chance to research while Council is at NLC and then will be prepared for full fledged discussions beginning on the 9th.

ISOBEL L. SHERWOOD, CMC, Clerk of Council, reporting