



TO: Gahanna City Council  
Clerk of Council

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

Cc: Raymond J. Mularski, Esq. City Attorney  
Joann Bury, Director of Finance

DATE: July 25, 2023

SUBJECT: Dept. of Economic Development- Request for Council Action (July 31, 2023 COTW Meeting)

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#### ACTION ITEMS

**ACTION ITEM # 1: REQUEST TO AUTHORIZE MAYOR TO ENTER INTO AN OFFICE & INDUSTRIAL INCENTIVE AGREEMENT WITH ORTHOPEDIC ONE, INC., FOR THE DEVELOPMENT OF A MEDICAL OFFICE BUILDING IN CRESCENT PARK CRA #4**

Orthopedic ONE, Inc. is one of the largest physician-owned orthopedic practices in Central Ohio, with more than 60 of the Region's top general and fellowship-trained orthopedic experts. The medical practice is currently located in a leased building on Taylor Station Road in Columbus, OH. The Company has contacted the City's Development Department regarding the possible construction of a new medical office building within the previously-approved Crescent Park Community Reinvestment Area #4.

On October 6, 2022, City Council approved Ordinance ORD-0062-2022, which authorized the Mayor to enter into a Development Agreement with CP Crescent, LLC. The Agreement, in part, defined an area of 24.34+/- acres as commercial property contained within the City's previously established Community Reinvestment Area (CRA) #4 that provides for a 10-year, 80% abatement of real property taxes.

Orthopedic ONE would bring approximately 215 associates to Gahanna in Year One to a newly constructed building. The first-year annual payroll is projected to be \$28 million, or more than \$133,000 per associate. That annual payroll is expected to increase to more than \$33 million in Year Five with approximately 226 employees; and to 244 employees in Year Ten with more than \$43 million in annual payroll.

Within the existing CRA, the City would be obligated to share income and property taxes with the School District for the abatement period of the first ten years. After the expiration of the 10-year abatement, the O&I agreement would be fulfilled with Ortho ONE in years 11-15. In those five

years, the City would collect more than \$6.2 million in income taxes and extend approximately \$1.87 million in O&I incentive to Orthopedic ONE.

On behalf of the City's Incentive Advisory Committee, the Department of Economic Development respectfully requests Council to issue an Ordinance authorizing the Mayor to enter into agreement with Orthopedic ONE, Inc. for the City of Gahanna's Office & Industry Incentive.

Because of pending deadlines for the company to secure land and move forward with the development process, the Department is requesting a **Waiver** for this Ordinance.

#### Requested Legislation and Funding

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

#### Attachments

- DEV-ATT Ortho ONE OI Incentive Application
- DEV-ATT Ortho ONE OI Application Addendum
- DEV-ATT OI Agreement - Ortho ONE
- DEV-ATT Ortho ONE Employment and Payroll projections
- DEV-ATT Ortho ONE Return on Investment (ROI) Calculations

#### Contract Approvals

- This item has been approved by the Mayor.
- This item has been approved by the Director of Finance.
- This item has been approved by the City Attorney.