



TO: Gahanna City Council  
Clerk of Council

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

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

DATE: February 20, 2024

SUBJECT: Dept. of Economic Development- Request for Council Action (February 26, 2024  
COTW Meeting)

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#### ACTION ITEM

**ACTION ITEM #1: REQUEST TO AUTHORIZE MAYOR TO ENTER A COMMUNITY REINVESTMENT AREA INCENTIVE AGREEMENT WITH JE GROTE COMPANY, INC. TO FACILITATE RENOVATION OF AN EXISTING INDUSTRIAL BUILDING LOCATED AT 1160 GAHANNA PARKWAY**

The JE Grote Company, an existing family-owned business operating within the City of Gahanna at 1160 Gahanna Parkway, has contacted the City's Economic Development Department regarding possible renovation of its corporate headquarters and existing manufacturing facility. In 2023, the Grote Company celebrated its 50<sup>th</sup> anniversary of doing business in Gahanna. Their family of brands has been manufacturing food processing equipment for over 60 years and currently has eight (8) operating facilities around the world.

Specifically, Grote Company desires to purchase and install new manufacturing equipment to meet growing demand, and modernize its existing corporate headquarters and office areas to improve the quality of work environment for its existing workforce in order to both enhance worker retention and attract new workers. The company is exploring renovating in Gahanna or expanding operational needs in alternative markets where they operate.

If a 15-year, 50% abatement on the improvements is approved, the company would invest \$4.5 million to modernize the existing 61,000 square foot manufacturing and office building at 1160 Gahanna Parkway. The company would invest an additional \$800,000 in new fixtures, furniture and equipment, bringing the total investment to approximately \$5.3 million.

The improvements would enable the company to retain 107 employees in Gahanna (\$10,249,059 total payroll and \$256,226 in income taxes to the City). Additionally, by the end of the third year after the improvements, the company would add 13 employees to reach 120 FTE, adding \$1,829,675 in new payroll. This represents a 12% increase in workforce and nearly 18% increase in

payroll in just three years. For the 15-year period, the payroll would conservatively grow to more than \$16.7 million (staying at 120 employees with 3% increases per year) with almost \$418,000 in annual income taxes, with nearly \$1.3 million in new taxes for the 15-year period. With more than \$3.8 million in retained income taxes for existing employees, the total taxes collected for the 15-year period would be more than \$5.1 million.

A 15-year, 50% tax incentive would amount to about to \$76,000 in savings to the company per year. The City would be obligated to replenish the School District's portion of the abatement, or about \$45,000 per year. Also, the City would share about the same amount in income taxes with the school annually. However, the new additional income taxes of \$1.3 million for 15 years would yield the city almost \$600,000 in net new income taxes for the period.

It should be noted that the CRA Agreement would not abate the current value of the property and would only abate future improvements. The present value of the building is \$2,808,100 which generates \$94,975 in property tax annually that will not be abated.

The Department of Economic Development respectfully requests Council to authorize the Mayor to enter into a Development Agreement with JE Grote Company, Inc. that specifies a 15-year, 50% abatement on the assessed building improvements.

#### Requested Legislation and Funding

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

#### Attachments

DEV-ATT Grote CRA Agreement  
DEV-ATT Grote CRA Application  
DEV-ATT Projected 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 provided to the City Attorney.