



TO: Gahanna City Council  
Clerk of Council

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

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

DATE: March 6, 2024

SUBJECT: Dept. of Economic Development- Request for Council Action (March 11, 2024 COTW Meeting)

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#### ACTION ITEMS

##### ACTION ITEM 1: REQUEST TO AUTHORIZE MAYOR TO ENTER INTO THE LOAN AND PROMISORY NOTE AGREEMENTS TO SUPPORT THE STATE INFRASTRUCTURE BANK (SIB) LOAN

In April 2021, the City authorized through ORD-0025-2021 the execution of a development agreement with Crescent at Central Park LLC and CP Crescent LLC (the developer) to support the development of a mixed-use project on 41.0 +/- acres adjacent to Interstate 270 and Hamilton Road.

Subsequently, on November 21, 2022, the City authorized ORD-0062-2022 an ordinance to authorize the Mayor to enter into a revised Development Agreement with the developer to support infrastructure needs of the project. That Agreement, which was executed on December 1, 2022, outlined the construction of a "New Street" necessary to serve and facilitate the development of the land. The Agreement also outlined the method of payment for the estimated \$4,400,000 cost of the New Street and associated utilities. The Agreement stipulates that the developer will be responsible for the initial payment of the New Street/infrastructure costs.

To facilitate the development, the Agreement also states that the City will pursue a State Infrastructure Bank (SIB) Loan in the amount of \$2,000,000 for a period of 15 years. Council previously authorized the City's application for the loan via ORD 0076-2023. This loan and the balance of the infrastructure costs will be reimbursed to the developer from the non-school Tax Increment Finance service payments established in the area. The next step in this process is to enter into the loan and promissory note agreements that are needed for the SIB loan.

Based upon the foregoing, the Department of Economic Development respectfully requests an Ordinance to authorize the Mayor to enter into loan and promissory note agreements with the

Ohio Department of Transportation to support the approved SIB Loan in the amount of \$2,000,000 for the completion of the agreed upon New Road and infrastructure 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 Promissory Note with Director of Transportation of the State of Ohio  
DEV-ATT Loan Agreement between City of Gahanna and Ohio Department of Transportation

Contract Approvals:

This item has been approved by the Mayor  
This item has been approved by the Director of Finance  
This item has been sent to the City Attorney for review

**ACTION ITEM #2: REQUEST TO AUTHORIZE MAYOR TO ENTER A COMMUNITY REINVESTMENT AREA INCENTIVE AGREEMENT WITH BURNS & SCALO OHIO INC. TO FACILITATE RELOCATION OF AN OHIO CORPORATE HEADQUARTERS TO GAHANNA CRA #3**

Burns and Scalo Ohio Inc. wishes to move its Ohio headquarters to Gahanna from Delaware, OH and build a new facility on Tech Center Drive (<https://burnsscaloohio.com/>) within Community Reinvestment Area #3. This is the same CRA area as the recently considered Grote expansion project. Burns and Scalo desires to build on an 8.48-acre parcel (025-013634) which is zoned L-OCT - Office, Commerce, and Technology with an M1 Industrial overlay. Their new building would be approximately 34,500 SF, with approximately 10,000 SF of office.

Burns and Scalo Burns & Scalo was started in 1956 by John T. Scalo and Duke Burns as a residential roofing company in the Pittsburgh area. Under the leadership of John's son, Jack Scalo, Burns & Scalo continued to grow, establishing a permanent, fully staffed Columbus, Ohio branch in 2000. The company specializes in commercial & industrial roofing, commercial siding, solar energy solutions as an EPC (an Engineering, Procurement & Construction specialist), and roofing repair and maintenance.

If a 12-year, 80% abatement on the improvements is approved, the company would purchase the above-referenced parcel and construct a 34,500 SF building that would include 10,000 SF of office, representing a total investment of \$8.8 million (including land, building and soft costs). The company's relocation to Gahanna would immediately bring 34 employees to the city, bringing \$2.228 million in annual payroll and nearly \$56,000 in annual payroll taxes. The company expects to grow to 52 employees within the first six years after relocation to their new space in Gahanna, which would generate more than \$85,000 in annual income taxes. Using a conservative estimate of remaining at 52 employees with a 3% increase in annual payroll, annual payroll taxes would be

approximately \$99,000 by year 12. Over the 12-year period, the total payroll collected would be about \$955,000.

The parcel where the company would build is currently generating approximately \$27,000 a year in property taxes, with about \$16,000 going to the schools and \$664 to the City. At the expected sale price of the land, the property would generate an estimated \$35,851 annually, with about \$21,500 going to the schools and \$889 to the City.

With the addition of the new industrial building and 80% incentive, the company would pay 20% of the property taxes, or about \$35,671 annually, or about \$428,000 over 12 years. The School District would receive about \$255,000 of this, while the City would receive approximately \$11,000. The City would also share 50% of its income taxes, or about \$477,000, with the District over the 12-year period. For the 12-year abatement period, the District would receive about \$814,000 in new land/building taxes and shared income tax revenue, or almost \$68,000 a year, compared to the \$16,000 the District currently collects annually for land taxes on the empty parcel.

With the City realizing a net of about \$477,000 in new payroll taxes over 12 years, and an increase in land taxes and new building taxes, the City would receive about \$41,000 year, as compared to about \$664 collected annually on only land taxes now.

The District of the company's application for an incentive by letter on Feb. 13, and the City of Delaware was notified according to Ohio law on Jan. 30.

The Department of Economic Development respectfully requests Council to authorize the Mayor to enter into a Development Agreement with Burns & Scalco Ohio LLC that specifies a 12-year, 80% 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 Burns and Scalco CRA Agreement
- DEV-ATT Exhibit A, Burns and Scalco CRA Application
- DEV-ATT Burns and Scalco Project Estimates
- DEV-ATT Burns and Scalco Site Map

#### 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 for review.