

City of Gahanna

*200 South Hamilton Road
Gahanna, Ohio 43230*



Meeting Minutes

Monday, April 12, 1999

Immediately following earlier committees

7:45 PM

Council Committee Rooms

Committee of the Whole

*Debra A. Payne, Chairman
Karen J. Angelou
Sherie James-Arnold
L. Nicholas Hogan
Thomas R. Kneeland
Rebecca W. Stinchcomb
Robert W. Kelley, ex officio*

ADDITIONAL ATTENDEES

Sadicka White, Karl Wetherholt, Jerry Isler, Raleigh Mitchell, Terry Jordan; Jim Russell and Steve Wolf, Pizzuti; Chris Franzmann and Greg Stypes, Squire, Sanders & Dempsey.

PENDING LEGISLATION

White stated they have been talking for some time on how to develop this property which most of you know as the Deffenbaugh property; about 102 acres located on the on eastern edge of City; call this secondary property as it does not face a major road now; access is gained through an extension of Blatt which is not yet improved; thought we were a major contender for the post office and began to look at this site; as a result realized that because it is a large site with no direct access from main artery it makes it a less desirable site for primary development; looked at that as it was one of the things mentioned in the report from the Post Office; talked about access and the need to have some from Taylor Road; Pizzuti signed with Deffenbaugh's to manage and sell that property; an option was to get that Taylor Road access; from that have attempted to develop for several years; this is the largest parcel left for development; now going before Planning Commission for 50 acres in the area of Taylor and Taylor Station and that then leaves this area for development;; that's about all our major industrial land left to be developed; in order to make this site a primary site need to provide the infrastructure; obviously City has not wanted to make that kind of commitment; has been difficult due to a number of issues with the land and its access and they are asking for us to make a public infrastructure improvement; would capture a revenue source we would not ordinarily do; TIF comes with appreciated value for change in the land and potential development; string created and then diverted to a special fund; use that to repay the infrastructure improvements; that is what's making this doable at this point; 2 projects are underway and there is another viable project we can begin to put into the tract; are approximately 3 other projects we might be able to land; all are time sensitive; we believe the infrastructure can be in place for these developments and opening of their building; have been working and crunching numbers for a long time now to make this work; gave to you over the weekend a scenario that would provide enough money for a 30 year period that can be recaptured to pay off the infrastructure and pay off debt service; district is slightly larger than the Deffenbaugh tract; takes in a number of parcels that will also benefit; has to be a direct benefit to these parcels; need to extend our east sewer trunk; all know where the sewer fund stands;

White continued that the first ordinance is an initial outlay that could be charged against the TIF; up to \$75,000 to pay for engineering costs to Pizzuti to finalize costs of infrastructure; would go into final TIF agreement; second ordinance is to authorize Mayor to sign a letter of intent to contract with Pizzuti for professional services related to the area we know as Eastgate; asked for emergency on these two pieces of legislation with no waiver; third ordinance is the TIF ordinance declaring the district and recapture of these payments in lieu of taxes; have responsibility for paying back our indebtedness through those and all other expenses related to that; legal expenses are included in that; in the scenario provided there is a 30 year payback schedule; hopefully created with room to grow and will meet or exceed those revenues; about \$7 million is recaptured; in about year 24 City would actually be repaid and rest would be revenue that we continue to collect.

Angelou questioned the sewer line; information was not in this packet. Wetherholt noted the special engineering report distributed about 3 weeks ago; is explained in there; just did an ordinance that allows us to enter into contract with Don Kenney; \$300,000 out of sewer fund to reimburse Kenney for building the sewer through his project; is a

\$750,000 sewer and \$300,000 is not enough to build; could be more with right of way acquisition; should be in that whole thing to get it from where it starts on Taylor Road out to end of east industrial zone; is being designed right now. In response to question from Kelley, Wetherholt stated the TIF would make it easier to finish off that sewer; there is not enough in the sewer fund to complete the project; if you look at the sewer as a separate organization you might ask why do we want to run sewer; it is a loser and look at return rates; looking at City as a whole then you would want to do that. Kelley noted that the only way that area will develop is to put that sewer in. Wetherholt noted that any one of the area Kenney is developing, the Junkerman tract and the Deffenbaugh tract can use sewers out there but not all three; side benefit is that when the sewer is in, by nature of its size, it has the capacity to take a considerably larger tributary area than we have set up here.

Stypes stated he wanted to make Council aware of the process with regard to the TIF ordinance; is a longer time frame than the first two items; TIF ordinance has a process that has notice to the schools and they have been contacted; may be as long as 60 days for your second consideration and passage of the TIF ordinance; has had first reading; will need to sit on table until we complete that process.

Hogan stated there was no sense not to have Pizzuti do the engineering; legally is there a concern with a \$75,000 contract not going up for bids. White stated she had discussed with Weber and this was his approach on how to accomplish this; contract with Pizzuti is professional services. Hogan asked if there was any problems with the numbers holding together if the schools wanted a cut. Stypes stated there were several scenarios and that's reason for discussion with schools; the scenario in front of you does not require school district approval because it does not propose a TIF that takes from the schools more than 75% of the value for more than 10 years; under those circumstances school approval is not needed; municipal income tax sharing from new jobs in the designated district is one way of sharing; part of the purpose in sitting down with schools is to strike the appropriate balance with their input; reducing as much as possible the revenues that might be generated; if infrastructure is not built then there are no additional dollars for anyone.

Payne stated she had talked to the schools some; didn't seem to have any objections in their discussions. White noted that as we talk with schools progressing in a way that we are looking at a blanket agreement that would take in all scenarios; emphasize that regardless of whatever scenario we use we are required to income tax share when we divert one penny of what the schools would receive; how much we have to share is what we negotiate; would come back to Council because you have to share. James-Arnold asked if we recoup our expenses outside of the share. Stypes noted that expense could reduce recoup from 50% to 32.5%; is part of the purpose of the discussion with school; now have a project we have real numbers for; now have a real basis for discussion. Angelou asked if income tax was included in the TIF revenues. Stypes stated that shown was payment in lieu of property taxes.

Jim Russell, Pizzuti, thanked Council for this great opportunity; from a corporate standpoint not a class "A" site because of visibility; feel you will be proud of what can come out of this; a couple of prospects have interest and timing is important; have to move as quickly as possible in order to meet some time frames.

In response to question from Angelou on the owner's contribution, Russell stated that Pizzuti has been negotiating with owners; could be looking at a reduction or contribution back for public right of way; would include sanitary sewer acquisition for right of way; for one prospect there is a considerable price difference between what they are able to

pay versus the asking price; looking at the possibility of several hundred thousand dollars in concessions from family to get the first project going; based on the likelihood of what could be in down the road; everybody is trying to contribute to the equation; redoing the plans to save infrastructure; down to \$2 million; eliminating a cul de sac as part of the phase construction; save some infrastructure dollars up front of about \$800,000; scale back to meet the gaps we saw as a hurdle; location of first company will play a part in phasing the infrastructure; interest is just a matter of timing.

Angelou stated that by enlarging the TIF can come up with the right dollar figures which we couldn't do before; also because we have made the project smaller. Russell stated that Pizzuti will help manage the dollars; work closer with Stypes on funding creative ways that will maximize your return from the TIF; managing the dollars is not a requirement; if you build it all, you may speed development along; does increase the City risk; if entirely built would be an easier sell; with the first prospect you have a greater outlay up front; part of our job is to deliver the project under budget; those savings are critical; is easy for revenues to grow; bring in under cost and you can dedicate savings back; will be to all City standards; will still be bidding project; will all be prevailing wage; what we are able to bring to the table is the ability to solicit more than one bid; purchasing power our company has is an incentive to offer you. Angelou asked if Council would be acting on those bids. Stypes stated there are two agreements in TIF ordinance; first is TIF itself; second agreement is an infrastructure agreement that goes hand in hand with notion of Pizzuti doing engineering; makes them responsible for going through process for contracting for those improvements; they will go through a process, ultimately through City Engineer, Finance Director, and Development Director, the people who would normally process requisitions; if you normally have input and approval on engineering would have a chance to review; this kind of process can get the purchasing power of Pizzuti involved; is a reasonably open and competitive process; Pizzuti designs the contract after the City has observed the process and looked at the results and states that it is the right kind of process and we desire to associate ourselves with it.

Payne clarified that we are not in a position to pass the TIF legislation until the agreement with the school has been reached; does that affect the first two pieces for work being done in a TIF that doesn't exist. White stated that is why we are spending the \$75,000 for the engineering; then we have the letter of intent; is something that says we intend to contract with Pizzuti subject to this and getting the TIF ordinance in place; will now have to postpone the actual TIF ordinance until such time as you come back with revenue share. Stypes stated that if the TIF is less than 10 years and less than 75% doesn't require school approval; this is one that does not require it; will need to postpone Ordinance 164 for 63 days or less.

Stypes stated that one of the things discussed with school and is the same administrative challenge for them as for us is to come up with a system that statute permits that is simpler record keeping; come to an agreement that is mutually beneficial for that type of record keeping; could come back with something that would be revenue share on all jobs not just the new jobs; is hard to keep track of which are new jobs and which are old; could split 60/40 instead of 50/50; one way we may come back.

Kelley noted we would postpone on consent agenda, one meeting at a time so we can take action on it as soon as it would be ready; will postpone to May 3. Hogan noted a spelling correction needed done on Pizzuti on Ordinance 163. Will put Ordinance 162 and 163 on regular agenda.

White stated the next steps will involve Isler's expertise in how do we finance in the

interim until we get the revenue stream; will go directly to development schedule; 2 projects being considered currently; Pizzuti will put numbers together; will be conservative estimates; will be looking at square footage costs.

Members Absent: Rebecca W. Stinchcomb

Members Present: Debra A. Payne, Sherie James-Arnold, Thomas R. Kneeland, L. Nicholas Hogan, Karen J. Angelou and Robert W. Kelley

990162

TO AUTHORIZE THE MAYOR TO ENTER INTO AGREEMENT WITH PIZZUTI FOR CONSTRUCTION DESIGN AND ENGINEERING SERVICES FOR THE EASTGATE INDUSTRIAL CENTER; TO SUPPLEMENTALLY APPROPRIATE \$75,000 THEREFOR; AND TO DECLARE AN EMERGENCY.

Recommended for Adoption to Regular Agenda (Duplicate)

990163

TO AUTHORIZE THE MAYOR TO ENTER INTO LETTER OF INTENT TO CONTRACT WITH THE PIZZUTI COMPANIES FOR PROFESSIONAL SERVICES RELATED TO CONSTRUCTION OF PROPERTY KNOWN AS EASTGATE; AND TO DECLARE AN EMERGENCY.

Recommended for Adoption to Regular Agenda (Duplicate)

990164

AN ORDINANCE DECLARING THE ESTABLISHMENT OF THE EASTGATE INDUSTRIAL CENTER TIF DISTRICT AND THAT IMPROVEMENTS TO REAL PROPERTY WITHIN THE DISTRICT ARE A PUBLIC PURPOSE; DESCRIBING PUBLIC INFRASTRUCTURE IMPROVEMENTS TO BE MADE TO BENEFIT THE DISTRICT; REQUIRING THE OWNERS OF THE PROPERTY WITHIN THE DISTRICT TO MAKE SERVICE PAYMENTS IN LIEU OF TAXES; ESTABLISHING A MUNICIPAL PUBLIC IMPROVEMENT TAX INCREMENT EQUIVALENT FUND FOR THE DEPOSIT OF SUCH SERVICE PAYMENTS; APPROVING AND AUTHORIZING THE EXECUTION OF TAX INCREMENT FINANCING AGREEMENTS AND AN INFRASTRUCTURE AGREEMENT; AND DECLARING AN EMERGENCY.

Recommended for Postponement to a Date Certain

NEW LEGISLATION

ISSUES

980526

MOTION RESOLUTION TO REFER TO PLANNING COMMISSION A REVIEW OF CHANGES TO CHAPTER 1171, FENCES, OF THE CODIFIED ORDINANCES.

Payne noted receipt of a letter from Apartment Association; continue to next Committee of the Whole.

Held in Committee to Committee of the Whole

Soccer Fields

Mitchell noted sending contract to Pool Board; received a call from Tim Merkle on Friday; Board felt we should pay \$4,500 instead of \$3,100; told him didn't think Council would approve; is not holding us from using the soccer fields; willing to negotiate and come back to us on it; \$67,000 to purchase; no credit from past leases although they were willing to agree to that on this year's lease. Kelley noted it was too much of an increase. Angelou noted that no improvements have been made by them to warrant an increase.

ISOBEL L. SHERWOOD, CMC/AAE, Deputy Clerk of Council, reporting