



City of Gahanna

Meeting Minutes

Finance Committee

200 South Hamilton Road
Gahanna, Ohio 43230

Jamie Leeseberg, Chair
Brian Metzbower, President
Stephen A. Renner, Vice President
Karen J. Angelou
Brian D. Larick
Nancy R. McGregor
Michael Schnetzer

April Beggerow, CMC, Clerk of Council

Monday, October 14, 2019

Council Committee Room

*Immediately Following Committee of the Whole

A. CALL TO ORDER

Chairman Leeseberg called the Finance Committee meeting to order at 7:20 p.m.

B. DISCUSSION ITEMS

[2019-0126](#)

Mill Street Development Project; Gahanna Mill Street Investors, LLC

Mr. Leeseberg stated that we have gotten information back from the development team. The revised development agreement clean copy and red line version have been attached.

Mr. Ewald stated that of the new agreement, at issue is allocation for exclusive parking. He said that he had been told by bond counsel at one point that you cannot, over a certain limit exclude parking from the public use because of the way it was bonded. He said he needed to follow up to be sure and will have a response. This requested was located in Section 6 of the new agreement. He does not think that those spots are available and thinks we will be prohibited from doing that.

Mr. Leeseberg asked the developer if they would like to go through the revisions to the development agreement.

Mr. Lemmon said that the main changes were that the (per Council recommendation) CIC details have been removed. There has been a cap added to the public infrastructure improvements, except for the city cost contingencies. That cap is 110% of what is outlined in the development agreement. When the CIC function was removed, if the city was unable to pay, previously they would owe the CIC, now they would

owe the developer. The payment terms are the same. City cost contingencies do not have a cap on them relative to the right of way and vacating that relative to the subsurface conditions or if there are utility lines underground. Removed was the easement for parking on Rock Park and instead added a grading exhibit on the west side of Mill Street and an exhibit is included in the new agreement and the last item was the addition of the 50 parking spaces.

Mr. Ewald asked about page 4 of the red line document if the TIF funds could be used to reimburse the city for relocation of utilities.

Mr. Moorehead said that there is a water line and gas line under North Street. There is sanitary sewer running through the alley but he is unsure if it goes down North or if there is a lateral.

Mr. Ewald asked if there was an estimate to the costs for relocation.

Mr. Vkasay said that the gas would be about \$50,000 to relocate.

Mr. Ewald asked if they would be opposed to using TIF funds to pay for the relocation so we are not taking out of General Fund money.

Mrs. Bury said that the TIF funds have already been earmarked for the Walnut and Carpenter rebuilds.

Mr. Leeseberg stated that they were asked to place that on hold.

Mr. Crawford said that it is on hold.

Mr. Leeseberg asked for questions.

Mr. Schnetzer asked about the 9% per annum and that this is a sticking point for him. It seems high and there are not municipalities that pay 9%. He'd like to see that lower.

Mr. Leeseberg said he felt 50 spaces were too much. There were 2 segments of the bike path easement being asked to be vacated, he's asked for the western portion of the property to be turned over to the city for that use to be extended.

Mr. Vekasy said that we're going to have to do an *** study because to get that parking lot out of the 10 year floodway was our goal, and in order to do that our engineers are telling us we do not want to build a retaining wall there because as the water goes up, it goes under it or overtop, it will undermine the structural integrity of that wall. They're recommending

doing it with an embankment where they come over about a foot slope and then come down at 3 to 1, so they want to do it with an earth embankment, that's why we're asking for the grading easement. There isn't a detailed grading plan but it looks to be about 30 feet.

Mr. Leeseberg said his concern is that there are a lot of trees in there that would get cleared to do that grading.

Mr. ** said that one thought was a boardwalk path.

Mr. Vekasy said that maybe there is a way to push the bank further out and then bring the bike path closer to the top of the bank. And they are happy to work through that and replace any trees.

Mr. Barr asked about the grading easement and as long as it meets ADA compliance he didn't have a concern.

Mr. Leeseberg said his goal was connectivity between Carpenter and the back end.

Mrs. McGregor asked about reimbursements made from the city to the developer no more than twice per year but we got dinged if they were not on time, but it's only twice a year?

Mr. Lemmon replied that it refers to the frequency that they will submit invoices. The city would then reimburse within 30 days.

Mr. Barr said 60 days would be more appropriate.

Mr. Lemmon said noted.

Mrs. McGregor asked about the easement and that she thought it was a swap.

Mr. Maddy said it was an exchange for an easement on the north side of the property by the pump station. This allows for parking and to extend the bike path.

Mrs. Angelou asked about the Pete DiSalvo letter.

Mr. Vekasy said he was aware that Mr. DiSalvo worked on a retail corridor study for the CIC which wasn't a public document so they asked for an opinion on the viability of retail for the subject property.

Mrs. Angelou asked when the last traffic counts were done on Mill Street, Granville Street, and Hamilton Road.

Mr. Vekasy said he did not know. He said the buildings were designed to give the appearance of commercial, but what is really important is that they are building townhouses that will engage the street and gives a great transition into the commercial as you head south.

He points out the renderings and they discuss the similarities with Gay Street downtown.

Mr. Larick asked about cost estimate for underground burial of overhead utilities.

Mr. Vekasy said he didn't have a cost estimate but it was \$180,000 just to move it across the street but it can be looked into.

Mr. Ewald discussed about the contingencies to performance, the language usurps some of Planning Commission's duties (top of page 7). It's broad language but there are certain things that are out of the control of Council and administration and he asked to work with them on revising that session.

Mr. Leeseberg said there was a conversation about the effects of the abatement and what happens after that.

Mr. Lemmon replied that the analysis of the current site is today vs. what it would look like over the next 15-17 years as they ramp through construction and then the tax abatement would come on line and is received. Roughly given that this project would now have tenants living in it, working and living in the City of Gahanna, we would expect the benefit to the city to be more than what the current real estate taxes that the parcels are providing. In the first 2 years, during construction, we would expect roughly \$30,000 each year of incremental revenue and then subsequent to that, roughly about \$60-65,000 each year though the abatement period which will take you to about 2037. Once the abatement runs off we would expect property taxes to be about \$795,000 a year more than what they are right now.

Mr. Leeseberg asked the total for the first 15 years.

Mr. Lemmon replied about 1.1 million dollars. That is real estate tax plus the income tax generated from residents living there and working in Gahanna.

Mr. Schnetzer asked about the request for a pro-forma and if there was any movement on that. He also asked what we were officially asking for. He continued, in cases where Council has to authorize the abatement, I've asked for financial information from the business and have been told that because they are private businesses, that information cannot be released. In this instance, his guess was that the request is for a cash flow statement in order to see how necessary this request for assistance is. He said, that if that is in fact what Council was looking for, then he suggests Council asks for pro-forma now, it's fine, but he suggests that we ask for it every single time moving forward, but if Council doesn't ask for it every time moving forward, they don't ask for it now. 2 questions: 1. what is it that Council is specifically asking for and 2, is there a timeline on if or when it will be produced.

Mayor Kneeland said that one thing he would like to point out is that when these are being done though the administration and development there is an ability to make things confidential, and they don't get released to the public. There are certain business details that aren't releasable. That this is in the public now, it's different. Since this transition from the

administration to council, we don't have the tools on our side to protect that stuff.

Mr. Schnetzer replied that ORC does authorize us to have executive sessions on economic incentives and those things regularly occur.

Mayor Kneeland said right, but this type of ***..

Mr. Schnetzer said he has never seen a cash flow statement from private business in executive session...

Mayor Kneeland said that is typically because the Development Department has already vetted that and makes a recommendation to Council on the project.

Mr. Blackford said one difference, he wasn't involved in the original request back in December, staff requested that, but it wasn't the abatement so much, which is standard, it was the other types of requests being made with this project. We needed an additional analysis because of the various... this was looked at from the staff perspective as being a little bit different than a normal request.

Mr. Schnetzer said he understood. In other deals there have been asks to grant abatements and have never asked to see a pro forma in the form of an official cash flow statement, again, what are we asking for, define pro forma. Is it estimate, projection, return on investment or did we want the private business to open up their books and show us their cash flow. Step one is to determine the ask and once that is done, say that as a matter of practice, we're going to ask for that, that level of detail from now on. If that's the path, I suggest we treat everyone the same.

Mr. Renner said that he was one of the people that asked for the pro forma and maybe he should have verified what it is. He added that for me, this agreement has a litany of costs, some are stipulated in exhibit and some are still left ambiguous and we still don't know what those costs are. Tonight was the first night he's heard tax info and he's just trying to add up a tally, to understand what it is we're being asked to agree. On the abatement, it is reported, he understands the developer could go and still get the abatement, but procedurally, an agent of the city still has to sign off on it correct?

Mr. Ewald replied correct.

Mr. Renner said again, that he just wants to understand what all of the costs are and that he isn't comfortable with some of these costs, especially the contingency discussion.

Mr. Schnetzer said that it was a genuine question what is it specifically what we're asking.

Mr. Ewald said they could take the current abatement without coming to council, it can be done administratively by the Development Director or the Mayor, and he'd have to double check.

Mrs. McGregor asked, then the reason we have the developers

agreement is because there are things they want us to do. If they could do this without the things they want us to do, they would do it and have the abatement without.

Mr. Ewald replied correct.

Mr. Vekasy said he would like to add that the contingencies are there strictly for things that are in the ground in the right of way that we don't know are there. Everything else is capped at 110%. The odds are low, but we don't own the real estate in the right of way and we don't know, other than checking drawings, so on and so forth.

Mr. Renner replied understood. But he would still like to see a dollar amount cap so it can be quantified if something egregious comes to play, he thinks it would be fair that the developer could come before Council in a public forum and discuss. It also dovetails with North Street and he still has questions about that- how does the vacation take place.. traffic flows.. impacts.. Since it is a public asset, are there supposed to be public hearings.

Mrs. McGregor asked about the parking in Lintner Park and that she appreciates that being moved, but using the garage spaces, it was originally 10 or 12, and when it came back as 50, that was a huge ask, and that wasn't going to be in Lintner Park.

Mr. Leeseberg said Shane will look into that.

Mrs. Bury said that the balance of the West Gahanna TIF, and that's assuming spending everything planned for 2019, is \$305,000.

Mr. Larick said that is the accumulated balance to date, minus whatever is listed as an encumbrance, is that right?

Mrs. Bury replied it's what's actually been spent over the years plus what we have spent and encumbered so far this year.

Mr. Larick asked what the actual balance was as of this moment.

Without the encumbrances and expenditures what is the balance at this moment?

Mrs. Bury will follow up.

Mr. Leeseberg said that items for follow up, Shane will look at parking garage ability number of spaces, language adjustment under 7, if you could look at the 9% rate and amount of time to review payouts 60 days (to developer). Burying of utilities on Carpenter road costs.

Mr. Lemmon said and for Shane to talk to our attorneys on the contingencies.

Mr. Renner would like to have a statement from the Developer of what the value was of the abatement. What is that whole value over the whole term?

Mr. Schnetzer asked Mr. Lemmon how he projections, are they assuming \$25 million market value...

Mr. Lemmon said taking the cost of the project and assuming inflationary

factor of 3% over 15 years and then 35% to get a tax... and then using the same millage rate that is in place now.

Mr. Leeseberg said in year 16 its going to generate \$705,000

Mr. Schnetzer said \$705,000 per year for the first 15 years.

Mr. Lemmon said he would need to follow up with the exact number but it was probably \$800,000 to \$850,000 in tax, in total, when the abatement runs off. The unabated number.

Mr. Schnetzer said he believes Mr. Renner wants to know the value of the abatement to you.

Mr. Lemmon replied said you would take the difference between what we are paying and what we would pay with no abatement and just discount it back 15 years to get a present value. Assuming the tax rate is 3% when you do a millage as a percent of the value it's like 3.15 market.

Mr. Schnetzer said so taxable is closer to 9.

Mr. Lemmon said correct, so let's say 22 million dollar, 20 to make it easy, 600 thousand using round numbers.

Mr. Schnetzer said that's only half the story, it's the abated tax ****inaudible****. The existing buildings will be demolished, the property will be assessed and the tax will be based on the vacant lot. He added that you are not giving up the \$600,000 per year because the project doesn't happen without the abatement is my guess. Taxes on the improvements, may be \$25-30,000 total. Schools forgo less than \$15,000 per year using your same assumption 25 million investment 35% taxable value and rates stay the same... it comes in somewhere around \$450,000 starting in year *******.

Mayor Kneeland said one of the things they've been discussing internally is the school compensation agreement and how this effects in general.

Mrs. Bury said that she did know, that the agreement that was entered into and the agreement that was done, it was not one for one. Apparently there was some discussion long ago between the schools and the city about how that calculation was to be performed and it was deemed to follow the spreadsheet and not the agreement. She said one thing Anthony and she were trying to do was have the school consider a new agreement but the original people are no longer with the school or city.

Mr. Schnetzer asked if there was some ambiguity surrounding the agreement because in CRA#5 the understanding was there was no make whole situation with any of the overlapping jurisdictions.

Mayor Kneeland said this goes back to Joann and her team. He wants to know if there are costs involved with that.

Mrs. McGregor asked if this project would be built without the tax abatement.

Mr. Vekasy said not a chance.

Mr. Schnetzer asked for a breakdown of units and how many are 2 br and

1br

Mr. *** said he had the breakdown. 129 total units, 33 are 2br.

Mr. Vekasy said that 15 of those are the townhouses on the first floor of both buildings that face Mill Street. There are 162 total bedrooms.

Mr. Schnetzer asked how many of those one bedrooms can contain children.

Mr. Vekasy said there may be a few more, just depending. One of the requests for the increase in parking is that they may have couples. Some of the one bedrooms have dens, but it's not likely.

Mr. Barr asked about how many units are 1 bedrooms with dens.

Mr. ** said 19 of the 1 bedrooms have a den. 15 of those are the townhouse units and the other 4...

Mr. Barr asked about the possibility for a single parent with a small school age child.

Mr. Leeseberg asked Mr. Blackford asked about the occupancy rate at Creekside.

Mrs. McGregor said there is only one vacancy.

Mr. Blackford said it varies from month to month.

Mr. Lemmon said they are going to back to Mr. DiSalvo to get traffic info, get a cost estimate on the Carpenter Road utility relocation for the street.

Mr. Renner asked about scope of that kind of project.

Mr. Vekasy said they'd have to talk to AT&T because sometimes to get a quote they have a fee.

Mr. Leeseberg get some idea while everything is torn up.

Mr. Lemmon continued, for us to revisit the 9%, for us to revisit the 30 days for certification and reimbursement to the developer, and then for our attorney to talk to Shane about section 7a contingencies to perform, and the parking.

Mr. Schnetzer asked Mr. Lemmon about the exhibit, if it can show more detail on the revenue projections during the construction phase.

Estimated head count, average payroll, duration of project...

Mrs. Angelou said as a reminder, income tax is collected where the person works and we give 100% credit so that would not come to Gahanna.

Mr. Lemmon said he was assuming 40% saying 16,000 lived and worked in Gahanna.

Mayor Kneeland said 5,000 live and work in Gahanna, 16,000 work somewhere else.

[ORD-0101-2019](#) AN ORDINANCE TO MAKE APPROPRIATIONS FOR CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CITY OF GAHANNA, OHIO DURING THE FISCAL YEAR 2020.

Mrs. Bury stated that the formal presentation of the budget will be Monday, October 21st and that this will be difficult to compare this to previous budget years. It will be emailed out to members. Salaries and benefits will look a bit inflated because 2020 will be a 27 pay year. We changed chart of accounts to try to make it look more consistent. Because of format changes, it took a little longer than usual. Everything is looking good. This will be posted on the website tomorrow morning. Schnetzer asked about tracking. Bury said comparable to neighboring communities. Still collected from past settlements. Working with RITA on 1% tax increase so that we don't have to guess. They were hoping to go back and do July but there was no new information so it may be a guess of how much was brought in from that month. Because of no pay off for tax settlement, there will be a decision to be made about paying off note. There will have to be some fund reserve balance to pay off the note but looking out 2021-2024 we're looking at building up that fund balance up by about 7 million. Council said they can't wait to see it.