



Report for Council – September 25, 2017

Planning & Development Department Agenda Items:

Financial Incentive Agreements for 785 Science Blvd.

Project Background

The Department of Planning & Development has been working with a group of businesses that are looking to consolidate their offices and construct a new office building within Central Park of Gahanna. These three companies are within the Engineering and Software Development Industries, which are a target under the City's Economic Development Strategy and Go Forward Gahanna Plan. The location of this proposed office building is 785 Science Blvd., which is currently owned by the City of Gahanna. These three companies are currently within the City of Gahanna and would vacate their existing commercial spaces to consolidate their operations in the newly constructed office building.

Project Details

This project will retain 131 jobs and create 27 new jobs over the next 5 years. The average annual salary of the existing and proposed jobs is \$66,207, which equates to an \$10.5 million annual payroll upon project fruition. The estimated capital investment for the project is \$6 million for land, building, furniture and fixtures. The consolidation of the three businesses will create approximately 26,000 square feet of newly vacated office space, which will add to the jobs indirectly created by the project.

Financial Incentive Package

In order to make this project successful, the Department is proposing the following incentive package:

- 1) Land Bank Property Sale
 - a. City to sell the property located at 785 Science Blvd. to the Gahanna CIC with the requirement that the Gahanna CIC sell the property to the business for \$300,000. The proceeds of the sale would be utilized by the Gahanna CIC for future land bank opportunities.
 - b. Gahanna CIC to sell the property to the business for \$300,000, which will be repaid over a 15 year period.
- 2) Property Tax Abatement
 - a. City to provide a 12 year 100% property tax abatement for the new 50,000 square foot office building.

- b. The property tax abatement can be extended to 15 years if the business meets an additional job creation threshold.
- 3) Dedicated Fiber Connection
 - a. City to provide one pair of fiber optic cables from the project site to a local datacenter. This would provide a dedicated fiber connection to a datacenter in order to help provide better and cheaper technology services for the building.
- 4) Site Preparation Incentive
 - a. City to reimburse \$10,000 to the business for eligible site preparation costs for the project. The Department has monies already appropriate for this portion of the incentive package.

The Department has attached a Property Sale Agreement, Tax Abatement Agreement and an Indefeasible Right to Use Agreement to satisfy the incentive package highlighted above.

Project Alignment with City Goals

The Project is aligned with the Economic Development Strategy in the following ways:

- It is located at Target Site 4B within the Southwest Priority Development Area
- The Southwest Priority Development Area is anticipated to accommodate 51,300 square feet of office space on an annual basis
- The businesses in the project are within the Targeted Industries of Engineering and IT
- The jobs of the businesses are within the Targeted Occupations of Management, Business and Science
- A portion of additional vacant space created from the project is within the Southwest Priority Development Area

The Project is aligned with the Go Forward Gahanna Strategic Plan in the following ways:

- It is in the Targeted Industries and Targeted Locations of the City
- The jobs have a 77% higher wage levels than the Targeted Wage levels for the City
 - Target Wage Level is \$37,457 and the Project Wage Level is \$66,207
- The revenue per square foot collected by the City is 78% higher than the Targeted Revenue per square foot for the City
 - Target Revenue per square foot is \$1.10 and the Project Revenue per square foot is \$1.97

Return on Investment Analysis

The Annual Income Tax Revenue collected by the City during the Incentivized Period (Years 1-15) is \$78,455 which equals \$1,176,821 in income tax collections. The Annual Property Sale Revenue collected by the Gahanna CIC during the Incentivized Period (Years 1-15) is \$20,000, which equals \$300,000 in property sale collections. Therefore, the total City Revenue collected during the Incentivized Period equals \$1,476,821.

After the Incentivized Period, the City will collect approximately \$156,909 in annual income taxes and \$73,791 in annual Tax Increment Financing revenue. Therefore, the total City Revenue collected after the Incentivized Period (Years 15-30) equals \$3,460,508.

The total return on investment for the City of Gahanna on this project is \$4,937,329.

Planning & Development Department Updates:

None at this time.

Upcoming Meetings & Events:

None at this time.