



TO: Mayor Laurie A. Jadwin
Director of Finance
Members of City Council
City Attorney
Clerk of Council

FROM: Michael Blackford, Interim Director of Planning & Development

DATE: April 9, 2020

SUBJECT: Report to Council, April 20, 2020

ACTION ITEMS FROM THE INTERIM DIRECTOR OF PLANNING & DEVELOPMENT

ACTION ITEM # 1 – Property Tax Abatement for 650 Taylor Station Road:

Project Background and Justification

The Department of Planning & Development is working with Sort & Pack on the expansion of their operations at 650 Taylor Station Road. They are interested in adding 52,000 square feet of flex office/warehouse space to accommodate the needs of their growing business. To help accomplish this goal, the property owner, Warehouse Specialists LLC, is seeking a property tax abatement on the improvements being made as part of the project.

Sort & Pack has been in our community since 2007 when Warehouse Specialists LLC invested \$1,200,000 to construct a 23,000 square foot flex office/warehouse building at the current project location. As part of the Department's Business Retention and Expansion Strategy, it is important to encourage them to make an investment in Gahanna in order to help retain their business in the community for years to come. In order to assist Sort & Pack with their growth, the Department is in support of providing a tax abatement for this project.

Project Details

This project consists of the construction of a 52,000 square foot flex office/warehouse building. Sort & Pack will retain 31 full-time equivalent jobs currently working at the site with an annual payroll of \$1,200,000 and will create 30 new full-time equivalent job opportunities with an annual payroll of \$1,123,696 over the next three years. The capital investment for the project is approximately \$2,200,000 which is estimated to increase the property value by \$2,090,000.

Financial Incentive Summary

The Department is recommending a 10 year 100% property tax abatement on the increased value stemming from the construction of the new 52,000 square foot building. It is important to note that the existing property taxes will not be abated, but only the future increase in property taxes resulting from the project.

Return on Investment Analysis

There are two revenue streams generated from this project: Withholding Tax Payments and Tax Increment Financing Revenue.

- Withholding Tax Payments
 - The project will retain thirty-one (31) employees currently on site with an annual payroll of approximately \$1,200,000 which, generates an estimated \$30,000 of income tax withholdings annually.
 - Within the first 36 months upon project completion, the project will create thirty (30) new jobs with an average annual salary of approximately \$37,457. These new jobs will generate an additional \$28,092 of income tax withholdings annually.
 - The total withholding tax revenue collected from the retained and new jobs will be approximately \$58,092 annually. The estimated revenue sharing amount to the schools is approximately \$29,046 annually during the incentivized period.
 - The total collected net annual withholdings generated by the project will be approximately \$290,460 during the incentivized period.
- Tax Increment Financing
 - The existing structure currently generates \$17,143 in TIF revenue annually. However, the Eastgate Triangle TIF District is set to expire in 2030 so the City will not receive TIF funds beyond that point in time. Therefore, the estimated TIF Revenue will be \$154,287 throughout the incentivized period.

The CRA Agreement that outlines these terms and conditions is attached for your consideration. *The Planning & Development Department respectfully requests that Gahanna City Council authorize the Housing Officer to execute the CRA Agreement for the project.*

Requested Legislation and Funding

Legislation Needed: Ordinance

Emergency/Waiver: None

Name & Address: Warehouse Specialists LLC
650 Taylor Station Road
Gahanna, OH 43230

Already Appropriated (Amounts & Accounts Names/Titles): N/A

Supplemental/Transfer (Amounts & Account Names/Titles): N/A

Attachments

- Warehouse Specialists LLC CRA Agreement

UPDATES

None at this time.