



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, September 23, 2019

Council Committee Room

***Immediately Following Committee of the Whole**

A. CALL TO ORDER

The Finance Committee meeting was called to order at 7:36 p.m. by Chairman Jamie Leeseberg.

B. ITEMS FOR DISCUSSION

[2019-0126](#)

Mill Street Development Project; Gahanna Mill Street Investors, LLC

Mr. Leeseberg said that the developer was not in attendance but that the City's Finance Counsel, Greg Daniels was present to discuss his report on the proposed development.

Mr. Daniels discussed his overview. In terms of incentives for this type of project, real property tax abatements are very common. That is used in many different cities for these sorts of projects. The developers also ask for some vacation of right of ways which are also very typical, especially when they don't pose additional costs. The additional cost side is one potential follow up item here to review to be sure that by vacating the right of way requested by granting easements, that we're not imposing costs to the city. Other requests for incentives like fee waivers and TIF financing typically we don't see those a lot on residential projects. We do see them some. Usually we drill in on the financials for the project to see what the reason is that the tax abatement is not enough incentive for this sort of project. Every projects are different and typically tax abatements get it done, but they might have good reasons why things like TIF funding and fee waivers for this project and we just have to drill into the financials and look at that information a little bit closer to see if it's appropriate. Mr. Schnetzer asked about the tax abatement- can you differentiate

between a pre-1994 CRA.

Mr. Daniels said that back in 1994 the General Assembly significantly revised tax abatement laws. So there is a line between pre-1994 and post 1994 abatements. Key difference is if there is a commercial development- which this project does not, it falls into residential, but if this were commercial, then by law if the abatement is over 50% of the new taxes, you need to get school district consent before you can grant that abatement. If it is a pre-1994 area, you do not need school district consent for those sorts of commercial abatements. For residential abatements, either pre or post 1994, you do not need school district consent.

There are a few administrative approvals as they are set up and do not need Council approval.

Mr. Metzbower said we don't need their consent by law, but per our agreement with the schools, we still have to make them whole isn't that correct?

Mr. Blackford replied no, I don't believe so.

Mr. Daniels said that the rules are different depending where in the city and what CRA you are discussing. For this particular CRA, you don't need to make them whole or their consent and that is spelled out in the agreement between the City and the schools. If this would produce enough payroll, let's say it would be an office, if the payroll is big enough, there would be some income tax sharing with them. I would not expect that for a project this size.

Mrs. McGregor asked about the 15 year 100% is only on the improvements on the property correct?

Mr. Daniels replied correct. It's not on the land value, only on the increase of improvements. Land value can never be abated, as a function of state law. The new building value gets abated.

Mayor Kneeland asked about the projected tax revenue and the 9% interest rate.

Mr. Daniels said that the projected income tax revenue is just what was discussed since the payroll on this project is likely to be under 1million per year. We do not pass that threshold for sharing with the school district, that's a threshold established by state law in 1994. The 9% figure refers to if there is not enough money in the TIF fund to pay for

some of the costs and the developer asks to be paid, they want 9% interest on that, every project is different but in the past we have not gone that high either here or in other cities. We've been in the 4-5% range in interest.

Mr. Leeseberg said he appreciated that information and said that that discussed as part of a CIC payment and it seems the will of Council is for the CIC to be removed so therefore that would go away and become moot.

Mrs. Angelou asked TIF reimbursements are rare in this case?

Mr. Daniels said they are more common for office type projects. They do happen on residential projects but more often in urban poor areas. Usually they do happen because the city is asking the developer to do something infrastructure wise they wouldn't otherwise be doing. When it's something that is really initiated by the developer, it's because the money is needed to make that development a reality. That just takes a little bit of financial analysis.

Mr. Schnetzer asked Mr. Daniels to repeat the comment about TIF funds to be used for demolition being typical.

Mr. Daniels said they can be if it's needed for the project. In these urban corridors it's seen frequently and it's an extraordinary cost. He said on private property it is authorized by state law to use TIF for demolition, utility work, storm improvements, things like that. It doesn't usually cover all of the site prep costs, but there are usually some that can't be covered by TIF. As part of these agreements, you go through and look at qualified costs, vs. unqualified costs to come up with a number that's appropriate for TIF reimbursement.

Mayor Kneeland asked if there was a total value to the project as far as the value of the incentive vs. the value of the investment, the ratio between the percentages.

Mr. Daniels said he had some educated guesses, but he'd like detailed information from the developer.

Mr. Renner asked if the plan to go forward and get more data? Is there some way to evaluate this?

Mr. Daniels said we can look at it once we get the information (pro

forma) from the developer. Especially if Council is willing to look into doing something different than just the abatement and vacating the property, things that are at no cost to the city. If it's looking to waive fees, put in money, it's probably worth to take a look at the financials. They might be necessary for the project, we won't know until we take a look at the numbers.

The Committee discussed a request for a traffic study and the City Engineer said that he feels there is a need to look at the traffic impact the development has and the trip generation from the apartments themselves give him the most pause. He stated that they have requested more information from the applicant.

Mr. Schnetzer said that whatever goes in there is going to generate more traffic, so what is the baseline.

Mr. Moorehead that that is something that a study might show.

Mr. Schnetzer said that a traffic study is a reasonable request, but to keep in mind that currently, there are two vacant buildings on that site and whatever replaces them will ultimately produce an uptick in traffic.

[2019-0087](#)

Sidewalk Program Discussion

City Engineer John Moorehead discussed a potential Sidewalk program set up. He said that we have code language that indicates that it is the residents' responsibility to repair the sidewalk and it spells out the distresses that would initiate a repair and that is handled on an as needed basis based upon complaints to the city. Most communities in central Ohio have a program where the city administers an inspection and repair construction plan. The various communities' programs vary wildly. What might be the best for the City of Gahanna is a proposal that next year we go out, initiate an inspection of roughly 10% of the sidewalk network (@18 miles). This is done on various areas of the city based on use, commercial corridor, residential corridors, school districts, wards with different ages of construction, tree line and unlined streets, built after ADA regulations became common place and we take those recommendations and come to Council and help you guide the decision as to how to drive the program. Questions like how it is funded and how much funding can we commit in a given year. So whether it is assessed or funded by the City, we will pay the money up front, then recoup it from assessments and we will have an idea if it is a \$400,000 program or a million dollar program. The idea would be that would do the inspection next year, get the results and then come back to Council with those results and help recommend a program going forward. From this initial

phase, we may have time for Council to consider code updates to say how we should manage this program for 2021. Maybe we would have time to do a second inspection that would cover a district to cover the area where the need is greatest for sidewalk repairs and have that inspection in hand and go to bid in 2021. Ultimately we need the information as to what our network will look like.

Mr. Larick asked if there needs to be a yes/no methodology developed.

Mr. Moorehead said that our code already has that laid out. 521.06 spells out what the city deems a deficient sidewalk. We can utilize that or adopt a different standard. What is there now is not ADA standard. 1 inch separation, a 1/2 inch crack, a number of surface distresses and that would be a good starting point to say, yes no, does this standard apply to this sidewalk.

Mr. Larick asked ADA standard, is there what should be the norm and what is that that is different than what you just described.

Mr. Moorehead said that at a high level, 1/4 separation vertical and a cross slope of no more than 2%, longitudinal slope of 8%. Those standards are very easy to deviate. Newly constructed sidewalks have to conform to that.

Mr. Schnetzer asked if there is any way to speed up the timeline.

Mr. Moorehead said it could be moved up, but we need to define what information needs collected. But it is possible to accelerate. Once it snows however, it will be difficult.

Mr. Schnetzer said we wanted to move with repairs in 2020. Is it feasible?

Mr. Moorehead said he didn't feel it was, it is likely we need supporting code to describe how the program is going to work. We could refer to Ohio Revised Code and choose a number, but it would be difficult to administer.

Meeting was adjourned at 8:17p.m.