



City of Dublin

Office of the City Manager
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Memo

To: Members of Dublin City Council
From: Marsha I. Grigsby, City Manager *MLG*
Date: June 5, 2014

Initiated By: Angel L. Mumma, Director of Finance

Re: Ordinance No. 51-14 – An Ordinance Establishing a Tax Increment Financing District (Vrable)

Summary

On June 10, 2013, City Council approved Ordinance No. 39-13 authorizing the execution of a development and tax increment financing (TIF) agreement (Agreement) with Vrable Land Holding Dublin LLC (Developer). That agreement provided for the development of the 6.34 +/- acre property located at the southwest corner of Tuller Road and Tuller Ridge Drive with skilled nursing, assisted living and office uses (the Project). The Agreement required the Developer to donate certain real property for new roads and set forth the responsibilities of each party for the construction of certain roads and utilities.

Key points of the Agreement provided for the following:

- The donation of the property necessary to construct the proposed John Shields Parkway from Tuller Ridge Drive to the realigned Riverside Drive and for the proposed Mooney Street from Tuller Road to the new John Shields Parkway, to the City by the Developer at no cost.

Status: The property was donated as a result of the final development plan approval and recorded plat.

- City will construct, at its expense, the new John Shields Parkway in two phases. The first phase, from Tuller Ridge Road on the east to a point along the eastern edge of the planned Mooney Street, must be completed by the time the Developer receives a certificate of occupancy for the Project. The second phase, from the terminus of the first phase on the east to the realigned Riverside Drive on the west, must be completed by December 31, 2018.

Status: Detailed design has been completed; the construction contract is currently out for bid with the bid opening scheduled for June 17, 2014 and Council awarding of the contract at the July 1 meeting.

- The Developer will construct, at its expense, Mooney Street in the future, contemporaneously with the development of the property between the proposed Mooney Street and Riverside Drive. Additionally, the developer is required to construct the necessary waterline and extend the necessary laterals to the existing sanitary sewer.

Status: The Developer is constructing the water lines and sewer extensions in conjunction with the construction of the Project.

The Agreement also provides that the City shall undertake a tax increment financing pursuant to the TIF Statute to facilitate the construction of the public improvements, as defined within the TIF Ordinance. Ordinance No. 51-14 proposes the establishment of the Vrable TIF.

This TIF will be the first to be created within the defined area of the Bridge Street District Cooperative Agreement between the Dublin City School District (DCS) and the City. As a reminder, the Cooperative Agreement permits the City to authorize various tax incentives, including TIFs, within the BSD that provide for the following (for each incentive authorized):

- Years 1 – 15 – DCS agrees to forego 100% of the applicable real estate taxes in respect of the improvements to any particular parcel within the applicable tax incentive district.
- Years 16 – 30 – DCS will receive 10% of what it would have received if the applicable tax incentive district had not been in place.

Additionally, as part of the Cooperative Agreement, DCS waived any right to receive notification of the passage of any Ordinance or legislation authorizing the real property tax exemptions.

For purposes of projecting potential service payments, staff has estimated that the value of the private improvements will be approximately \$14 million (which was established within the Agreement as the basis for minimum service payments to be made for a period of time). Based on the current millage, it is estimated the TIF will generate approximately \$491,250 annually in years 1 – 15 and \$458,800 annually in years 16 – 30. These service payments will provide funding for public infrastructure improvements included in the Description of Public Infrastructure Improvements, Exhibit C to the Ordinance. These improvements not only incorporate the construction of John Shields Parkway, as part of this specific Agreement, but also other Bridge Street District infrastructure improvements.

As you are aware, other governmental jurisdictions are impacted by the establishment of TIF districts and the resulting deferral of property tax revenue. In Franklin County, several agencies have operating levies. For those agencies, the Vrable TIF will result in the following estimated annual property tax deferrals:

▪ Children’s Services	\$24,443
▪ ADAMH	10,780
▪ MRDD	34,300
▪ Metro Parks	3,675
▪ Zoo	3,653
▪ Office on Aging (Senior Options)	6,370
▪ Library	13,720

It is important to keep in mind how these dollars compare to the overall tax revenue collected by these agencies. The total assessed valuation for all of the City’s established TIF districts within Franklin County is \$489 million, which is less than two percent of Franklin County’s total assessed valuation (per the Franklin County 2012 CAFR).

Recommendation

Staff recommends that Ordinance No. 51-14 be adopted by City Council at its second reading/public hearing on June 23, 2014.

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Section 2. Public Infrastructure Improvements. This Council hereby designates the public infrastructure improvements described in **EXHIBIT B** attached hereto (the "*Public Infrastructure Improvements*") and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements made, to be made or in the process of being made by the City that directly benefit, or that once made will directly benefit, the Parcels.

Section 3. Exemption. This Council hereby finds and determines that 100% of the increase in assessed value of each Parcel subsequent to the effective date of this Ordinance (which increase in assessed value is hereinafter referred to as the "*Improvement*" as defined in Ohio Revised Code Section 5709.40(A)) is hereby declared to be a public purpose and shall be exempt from taxation in accordance with Ohio Revised Code Section 5709.40(B) for a period commencing on the date an Improvement attributable to a new structure on that Parcel first appears on the tax list and duplicate were it not for the exemption granted in this Ordinance and ending on the earlier of (a) thirty (30) years after such commencement or (b) the date on which the City can no longer require service payments in lieu of taxes, all in accordance with the requirements of the TIF Statutes.

Section 4. Service Payments. As provided in Ohio Revised Code Section 5709.42, the owner of each Parcel is hereby required to and shall make service payments in lieu of taxes with respect to the Improvement allocable thereto to the Treasurer of Franklin County, Ohio (the "*County Treasurer*") on or before the final dates for payment of real property taxes. The service payments in lieu of taxes shall be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and collected against that Improvement if it were not exempt from taxation pursuant to Section 3, including any penalties and interest (collectively, the "*Service Payments*"). The Service Payments, and any other payments with respect to each Improvement that are received by the County Treasurer in connection with the reduction required by Ohio Revised Code Sections 319.302, 321.24, 323.152 and 323.156, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the "*Property Tax Rollback Payments*"), shall be allocated and distributed in accordance with Section 6.

Section 5. TIF Fund. This Council hereby establishes, pursuant to and in accordance with the provisions of Ohio Revised Code Section 5709.43, the Vrable Municipal Public Improvement Tax Increment Equivalent Fund (the "*TIF Fund*"). The TIF Fund shall be maintained in the custody of the City and shall receive all distributions to be made to the City pursuant to Section 6. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement of each Parcel and so deposited pursuant to Ohio Revised Code Section 5709.42 shall be used solely for the purposes authorized in the TIF Statutes or this Ordinance. The TIF Fund shall remain in existence so long as such Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Fund shall be dissolved and any incidental surplus funds remaining therein transferred to the City's General Fund, all in accordance with Ohio Revised Code Section 5709.43.

Section 6. Distributions. Pursuant to the TIF Statutes, the County Treasurer is requested to distribute the Service Payments and Property Tax Rollback Payments to the City for further deposit into the TIF Fund for (a) remission, on a pro rata basis, to the Dublin School District in accordance with the Dublin School District Agreement and the Tolles Career Center in accordance with the Tolles Career Center Agreement, (b) payment of costs of the Public Infrastructure Improvements, including, without limitation, debt charges on any securities of the City issued to pay costs of those Public Infrastructure Improvements and (c) any other lawful purpose.

Section 7. Further Authorizations. This Council hereby authorizes and directs the City Manager, the Director of Finance, the Director of Law, the Director of Development, the Clerk of Council or other appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments and Property Tax Rollback Payments. This Council further hereby authorizes and directs the City Manager, the Director of Finance, the Director of Law, the Director of Development, the Clerk of Council or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions as may be appropriate to implement this Ordinance.

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Section 8. Tax Incentive Review Council. The City's Tax Incentive Review Council will review annually all exemptions from real property taxation granted by this Ordinance in accordance with the requirements of Ohio Revised Code Section 5709.85.

Section 9. Reports. Pursuant to Ohio Revised Code Section 5709.40(I), the Director of Development is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Development Services Agency within 15 days after its effective date. Further, and on or before March 31 of each year that the exemption set forth in this Ordinance remains in effect, the Director of Development or other authorized officer of the City shall prepare and submit to the Director of the Ohio Development Services Agency the status report required under Ohio Revised Code Section 5709.40(I).

Section 10. Open Meetings. This Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or any of its committees, and that all deliberations of this Council and any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law including Ohio Revised Code Section 121.22.

Section 11. Effective Date. This Ordinance shall be in full force and effect on the earliest date permitted by law.

Signed:

Mayor - Presiding Officer

Attest:

Clerk of Council

Passed: _____, 2014

Effective: _____, 2014

EXHIBIT A

PARCELS

The shaded area on the following map specifically identifies and depicts the Parcels and constitutes part of this **EXHIBIT A**. The Tax ID Numbers for certain Parcels are included on the following page for reference only and do not limit the Parcels subject to this Ordinance.

TAX ID NUMBERS

EXHIBIT B

PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Public Infrastructure Improvements include the following improvements and all related costs of those improvements (including, but not limited to, those costs listed in Section 133.15(B) of the Ohio Revised Code):

- Construction of roadways and other infrastructure improvements within the Bridge Street District, including those improvements indicated in the City of Dublin Thoroughfare Plan. Examples include but are not limited to the following:
 - Construction of John Shields Parkway from Riverside Drive to Village Parkway,
 - Construction of a roadway connecting Dale Drive and Tuller Ridge Drive,
 - Improvements to Tuller Road from Riverside Drive to Tuller Ridge Drive,
 - Improvements to Riverside Drive between Tuller Road and SR 161,
 - Improvements to Tuller Ridge Drive,
 - Improvements to Dale Drive,
 - Improvements to the Riverside Drive/Tuller Road intersection,
 - Construction of a roundabout at the intersection of US 33/Riverside Drive/SR 161, and
 - Construction of a roadway connecting Dale Drive to Village Parkway,
- Improvements to accommodate on-street parking throughout the Bridge Street District,
- Construction of the Scioto River pedestrian bridge,
- Improvements to the existing Bridge Street vehicular bridge,
- Replacement of the existing Bridge Street vehicular bridge,
- Construction of a new vehicular bridge across the Scioto River,
- The construction of public parking (including acquisition of interests in real property and related design),
- Aesthetic improvements to roadways within the TIF area,

- Constructing of civic facilities including but not limited to a public library, arts facility, and municipal government facility,
- Land acquisition for public purpose,
- Construction of public parks and open space plazas, and

each together with constructing and installing curbs and gutters, turn lanes, bridges or tunnels, any pumping mechanisms required for a tunnel or other items as necessary, retaining walls, railing, the installation of any necessary traffic signal(s), public utilities which include water mains, sanitary sewer, and storm sewers, stormwater improvements, burial of utility lines, gas, electric and communications service facilities (including fiber optics), street lighting and signs, business signage restoration or improvements, landscaping, and any other related costs, sidewalks, bikeways, preparation of environmental documents, preliminary engineering, design, right-of-way plans and any related costs, right-of-way acquisition, erosion and sediment control measures, grading and other related work, survey work, soil engineering and construction staking, and all other necessary costs and improvements, each together with all other necessary appurtenances thereto, which improvements will benefit the Parcels.