



City of Dublin

Office of the City Manager  
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# Memo

**To:** Dublin City Council

**From:** Marsha I. Grigsby, City Manager

**Date:** September 5, 2014

**Initiated By:** Dana McDaniel, Director of Development  
Colleen Gilger, Economic Development Director

**Re:** Ordinance 91-14 - Economic Development And Real Estate Purchase Agreement with Vadata Inc.

## Background

The West Innovation District is the city's business area targeted for new development of high-tech office space, research and development, information technology, clean manufacturing facilities, and related supporting purposes. The site under consideration consists of a portion of the city-owned land in the West Innovation District.

Council may recall that the key initiative regarding the West Innovation District is to develop a research park, previously referred to as the Central Ohio Innovation Center (COIC). As early as 2004, the City worked with O'Brien/Adkins Associates (OBA), most known for its master planning of the Research Triangle Park in North Carolina. Some specific recommendations regarding the establishment of a research park were made by OBA:

- Recruit typical drivers of a research park to include technology development, i.e. information technology, computer/electronics, software, medical and biotech.
- One or more research institutes should serve as an anchor due to the level of research and promotion of new company attraction and creation.
- Put the following in place: critical infrastructure (fiber optics, robust/redundant electrical service, utilities, and transportation network), predictive path to regulatory approval and reasonable land costs.

Recently, the City has experienced the development of projects meeting this desired end state:

- The Ohio University Heritage College of Osteopathic Medicine Central Ohio campus.
- Ohio University's development of an Allied Health Services program and new facility, currently under construction on the campus.
- The significant expansion of the Nestle Quality Assurance Center, the "light house" of Nestle North and South America quality laboratories.
- The development of Ohio Health's Dublin Methodist Hospital and associated hospital support services. This has been a critical component in the synergy and opportunities regarding the Heritage College of Osteopathic Medicine.
- The addition of AEP's new substation.

In late 2011, Economic Development staff presented the findings of the Battelle Technology Partnership's Cluster-based Economic Development Strategy. The study cited Information Technology/Data as a significant emerging cluster in Dublin that continues to gain strength,

evidenced by IBM's global data analytics facility choosing to locate near Tuttle Crossing and Emerald Parkway recently.

Also in 2011, City Council passed new zoning regulations and rezoned the West Innovation area, including the city-owned property. The new Innovation District zoning set the condition to promote a speed-to-build-development environment aligned with research, high-tech industry and other related commercial uses.

### **Project Summary**

Economic Development staff has been in discussions with Columbus 2020, which is representing a company from outside the Region, regarding a multi-state competition for a large data center attraction project interested in a parcel on the City-owned West Innovation District Job Ready Site.

Staff proposes the attached Economic Development Agreement and Real Estate Purchase Agreement for Council's consideration as a means to induce Vadata Inc. to invest in, establish and potentially expand operations providing significant value to the City's emerging Information Technology cluster, and serving as an additional anchor to the City's West innovation District.

The EDA/REPA includes the transfer of approximately 68.7 acres of City-owned land to, for the purposes of constructing at least 750,000-square-feet of office, data center and related facilities from 2015-2024. The total value of the land incentive is approximately \$6.75 million. Additionally the City proposes a 10% Performance Incentive on employee withholdings paid, with a maximum value of \$500,000 over 10 years. The City proposes to extend public water and sanitary sewer to the site via a new entry road, also to be designed and extended by the City. We will bring forward at a later date a Tax Increment Financing (TIF) Ordinance to facilitate the City's construction of public improvements to the area.

The State of Ohio Tax Credit Authority reviewed state-level incentives at its August 25<sup>th</sup> meeting tied to this project. Incentives proposed from the Jobs Ohio include road/infrastructure money up to \$1.5 million to the local municipality. Dublin plans to use these funds, if approved, to extend the public infrastructure improvements to the site.

In return, we expect the company to create hundreds of jobs: through full-time equivalent employees, contractors and construction workers at the site, in addition to investing in the construction of new facilities, equipment and fiber optics. As a risk-mitigating tactic, the City is requiring site preparations within the first year after closing and a land payback schedule in the agreement should the company not finish constructing at least 750,000 square feet before December 2024.

This project will serve as another anchor tenant in the West innovation District. It has the potential to attract and create an Information Technology supply chain, helping solidify Dublin's position as a leader in this business sector. The project plans to bring significant, critical infrastructure for fiber optics and broadband expansion. This project also has the ability to promote Dublin as an industry leader location, providing career opportunities for the growing technology workforce. Finally, per the zoning already in place, this site and the project match the Community Plan vision for placing the highest and best use on the right site in our community.

**Recommendation**

Staff recommends Council passage of Ordinance 91-14 by Emergency at the second reading/public hearing on September 22, 2014, waiving the 30-day waiting period. Should any changes be proposed prior to the second reading of this Ordinance, staff will submit a report to Council explaining any such changes to the documents. Please contact Colleen Gilger or Dana McDaniel with any questions.

# RECORD OF ORDINANCES

Ordinance No. 91-14

Passed \_\_\_\_\_, 20\_\_\_\_

**AN ORDINANCE AUTHORIZING THE PROVISION OF CERTAIN INCENTIVES TO INDUCE A COMPANY TO LOCATE DATA CENTER FACILITIES AND ASSOCIATED OPERATIONS AND WORKFORCE WITHIN THE CITY; AND AUTHORIZING THE EXECUTION OF AN ECONOMIC DEVELOPMENT AND REAL ESTATE PURCHASE AGREEMENT, AND DECLARING AN EMERGENCY.**

**WHEREAS**, consistent with its Economic Development Strategy (the "*Strategy*") approved by Dublin City Council Resolution No. 07-94 adopted on June 20, 1994, and the updated Strategy approved by Dublin City Council Resolution No. 30-04 adopted on July 6, 2004, the City desires to encourage commercial development and create and preserve jobs and employment opportunities within the City; and

**WHEREAS**, Vadata Inc. (the "*Company*") recently performed a comprehensive examination of its needs, and based on the results of this examination, and induced by and in reliance on the economic development incentives provided in the proposed Economic Development and Real Estate Purchase Agreement (as described below), the Company desires to construct facilities, begin operations and establish a workforce within the City; and

**WHEREAS**, this Council has determined that it is necessary and appropriate and in the best interests of the City to provide for certain economic development incentives to the Company, including but not limited to the conveyance of land owned by the City, as described in the proposed Economic Development and Real Estate Purchase Agreement; and

**WHEREAS**, this Council has determined to offer the economic development incentives, the terms of which are set forth in a substantially final form of Economic Development and Real Estate Purchase Agreement presently on file in the office of the Clerk of Council, to induce the Company to construct facilities, begin operations and establish a workforce, all within the City, which will result in the possible creation of new jobs and employment opportunities within the City, thereby improving the economic welfare of the people of the State of Ohio and the City, all as authorized in Article VIII, Section 13 of the Ohio Constitution.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of Dublin, State of Ohio, \_\_\_\_\_ of the elected members concurring, that:

Section 1. The Economic Development and Real Estate Purchase Agreement by and between the City and the Company, in the form presently on file with the Clerk of Council, providing for, among other things, the provision of certain economic development incentives in consideration for the Company's agreement to construct facilities, begin operations establish a workforce within the City, which will result in the possible creation of new jobs and employment opportunities within the City, is hereby approved and authorized with changes therein not inconsistent with this Ordinance and not substantially adverse to this City and which shall be approved by the City Manager. The City Manager, for and in the name of this City, is hereby authorized to execute that Economic Development and Real Estate Purchase Agreement, provided further that the approval of changes thereto by that official, and their character as not being substantially adverse to the City, shall be evidenced conclusively by the execution thereof. This Council further authorizes the City Manager, for and in the name of the City, to execute any amendments to the Economic Development and Real Estate Purchase Agreement, which amendments are not inconsistent with this Ordinance and not substantially adverse to this City.

Section 2. This Council further hereby authorizes and directs the City Manager, the Director of Law, the Director of Finance, the Clerk of Council, or other appropriate

# RECORD OF ORDINANCES

Ordinance No. 91-14

Passed Page 2 of 2, 20    

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.

Section 3. 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 open meetings of this Council or 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 Section 121.22 of the Revised Code.

Section 4. 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