



Office of the City Manager
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Memo

To: Members of Dublin City Council
From: Marsha I. Grigsby, City Manager 
Date: October 23, 2014
Initiated By: Angel L. Mumma, Director of Finance
Re: Ordinance No. 107-14 – Establishing a Tax Increment Financing District (Innovation)

Summary

As recently reported, Five 9s Digital, with Expedient Data Centers as one of the main tenants, is expected to build a data and cloud-computing center near the intersection of Innovation Drive and Emerald Parkway.

In anticipation of this development, staff is recommending the establishment of a Tax Increment Financing (TIF) district. The proposed TIF will encompass the property in which Expedient Data Centers will construct their facility.

Using conservative projections, staff anticipates that the value of the first phase of the improvements within the area will be approximately \$15 million. The service payments generated from these improvements will be used to fund infrastructure improvements that will benefit this area, including:

- Intersection improvements at Emerald Parkway and Shier Rings Road; Shier Rings Road and Wilcox Road; Shier Rings Road and Avery Road; Emerald Parkway and Innovation Drive; and Emerald Parkway and Woerner-Temple Road
- The widening of Shier Rings Road from Avery Road to Emerald Parkway
- The burial of overhead utility lines

The list of improvements is attached as Exhibit B to the Ordinance. These improvements are not currently programmed in the City's five-year Capital Improvements Program (CIP).

The proposed TIF is a non-school TIF, meaning that for any year in which property is exempt from real property taxation pursuant to the TIF Ordinance, both Dublin City School District and Tolles Career and Technical Center (collectively, the "Schools") will each receive payments in an amount equal to the amount which each School would have otherwise received as real property tax payments if the TIF Ordinance was not approved. Payments under the TIF Ordinance are calculated the same as property taxes and are distributed to both Schools at the same time as real property tax revenues are distributed. As required by law, both Schools have received notification of this pending legislation.

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 Innovation TIF will result in the following estimated annual property tax deferrals (based on valuation of \$15 million):

▪ Children’s Services	\$26,200
▪ ADAMH	11,600
▪ MRDD	36,800
▪ Metro Parks	4,000
▪ Office on Aging (Senior Options)	6,800

In addition to Franklin County, there are other agencies that have operating levies in place. The annual property tax deferrals (based on valuation of \$15 million) for those agencies are as follows:

▪ Columbus Zoo	\$ 3,900
▪ Columbus Metropolitan Library	19,600
▪ Washington Township	56,000

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 2013 CAFR).

Recommendation

Staff recommends that in order to allow for the required 14-day notification to the Schools, Council schedule the second reading/public hearing at the November 17, 2014 meeting. Staff recommends adoption of Ordinance 107-14 at that meeting.

RECORD OF ORDINANCES

107-14

Ordinance No. _____

Passed _____, 20____

AN ORDINANCE DECLARING THE IMPROVEMENT TO CERTAIN PARCELS OF REAL PROPERTY TO BE A PUBLIC PURPOSE AND EXEMPT FROM TAXATION; ESTABLISHING A MUNICIPAL PUBLIC IMPROVEMENT TAX INCREMENT EQUIVALENT FUND AND PROVIDING FOR THE COLLECTION AND DEPOSIT OF SERVICE PAYMENTS INTO THAT FUND; SPECIFYING THE PUBLIC INFRASTRUCTURE IMPROVEMENTS DIRECTLY BENEFITING THE PARCELS; AND AUTHORIZING MAKE-WHOLE COMPENSATION PAYMENTS TO THE DUBLIN CITY SCHOOL DISTRICT AND THE TOLLES CAREER AND TECHNICAL CENTER. (INNOVATION TIF)

WHEREAS, Ohio Revised Code Sections 5709.40 to 5709.43 (collectively, the "*TIF Statutes*") authorize the legislative authority of a municipal corporation, by ordinance, to declare the improvement to parcels of real property located within the municipal corporation to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, establish a municipal public improvement tax increment equivalent fund for the deposit of the those service payments, provide for the distribution of the applicable portion of such service payments to the city, local, or exempted village, and joint vocational school district, and specify public infrastructure improvements made, to be made or in the process of being made that directly benefit, or that once made will directly benefit, those parcels; and

WHEREAS, this City Council has determined to declare the improvements to certain parcels of real property, which parcels are further described in Section 1, to be a public purpose; and

WHEREAS, this City Council desires to provide for the construction and/or installation of the public infrastructure improvements described in Section 2; and

WHEREAS, this City Council has determined that a portion of the service payments shall be paid to the Dublin City School District (the "*Dublin City School District*") and to the Tolles Career and Technical Center (the "*Tolles Career and Technical Center*"), each in an amount equal to the real property taxes that the respective school districts would have been paid if the Improvement (as defined in Section 3) to each Parcel had not been exempted from taxation pursuant to this Ordinance; and

WHEREAS, notice of this proposed Ordinance has been delivered to the Boards of Education of the Dublin City School District and the Tolles Career and Technical Center in accordance with and within the time period prescribed in Ohio Revised Code Sections 5709.40 and 5709.83.

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

SECTION 1. Parcels of Real Property. The parcels of real property subject to the exemption granted by this Ordinance are identified and depicted in **EXHIBIT A** attached hereto (each, as currently or subsequently configured, individually, a "*Parcel*" and collectively, the "*Parcels*").

SECTION 2. Public Infrastructure Improvements. This City Council hereby designates the public infrastructure improvements described in **EXHIBIT B**

RECORD OF ORDINANCES

Ordinance No. 107-14

Passed Page 2, 20

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. Authorization of Tax Exemption. This City 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 for each Parcel with the first tax year that begins after the effective date of this Ordinance and in which an Improvement attributable to a new structure on that Parcel first appears on the tax list and duplicate of real and public utility property were it not for the exemption granted by 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. Pursuant to 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 of this Ordinance, 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 reductions 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, distributed and deposited in accordance with Section 6 of this Ordinance.

SECTION 5. TIF Fund. This City Council hereby establishes, pursuant to and in accordance with the provisions of Ohio Revised Code Section 5709.43, the _____ 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 of this Ordinance. 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.

RECORD OF ORDINANCES

Ordinance No. 107-14

Passed Page 3, 20

SECTION 6. Distributions. Pursuant to the TIF Statutes, the County Treasurer is requested to allocate and distribute the Service Payments and Property Tax Rollback Payments as follows:

(a) to the Dublin City School District, an amount equal to the amount the Dublin City School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel if the Improvement had not been exempt from taxation pursuant to this Ordinance;

(b) to the Tolles Career and Technical Center, an amount equal to the amount the Tolles Career and Technical Center would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel if the Improvement had not been exempt from taxation pursuant to this Ordinance;

(c) to the City, all remaining amounts for further deposit into the TIF Fund for (i) payment of costs of the Public Infrastructure Improvements, including, without limitation, debt charges on any securities of the City issued to pay or reimburse financing costs or costs of those Public Infrastructure Improvements and (ii) any other lawful purpose.

All distributions required under this Section 6 are requested to be made at the same time and in the same manner as real property tax distributions.

SECTION 7. Further Authorizations. This City 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 the Property Tax Rollback Payments. This City 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 documents and instruments and to take any other actions as may be appropriate to implement this Ordinance.

SECTION 8. Tax Incentive Review Council. The applicable Tax Incentive Review Council, with the membership of that Council to be constituted in accordance with Section 5709.85 of the Ohio Revised Code, shall, in accordance with Section 5709.85 of the Ohio Revised Code, review annually all exemptions from real property taxation granted by this Ordinance and any other such matters as may properly come before that Council, all in accordance with Ohio Revised Code Section 5709.85.

SECTION 9. Filings with Ohio Development Services Agency. Pursuant to Ohio Revised Code Section 5709.40(I), the City Manager is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Development Services Agency within fifteen days after its effective date. Further, and on or before March 31 of each year that the tax exemption authorized by Section 3 remains in effect, the Director of Development or other authorized officer of the City is directed to 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 City Council finds and determines that all formal actions of this City Council and any of its committees concerning and

RECORD OF ORDINANCES

Ordinance No. 107-14

Passed Page 4, 20

relating to the passage of this Ordinance were taken in an open meeting of this City Council or any of its committees, and that all deliberations of this City 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

IDENTIFICATION AND MAP OF THE PARCELS

The shaded area on the following map specifically identifies and depicts the Parcel and constitutes part of this **EXHIBIT A**. The Parcel includes, without limitation, the following tax parcel: 273-007012-00 (as it existed in the County Auditor's records on _____, 2014).

Innovation TIF



SHIER-RINGS RD

SHIER-RINGS RD

EMERALD PKWY

EMERALD PKWY

SHAMROCK CT

INNOVATION DR

273-007012

ENTERPRISE



EXHIBIT B

PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Public Infrastructure Improvements include the construction of the following improvements on or near the Parcels that will directly benefit the Parcels and all related costs of permanent improvements (including, but not limited to, those costs listed in Section 133.15(B) of the Ohio Revised Code):

- Improvements to the intersection of Emerald Parkway and Shier Rings Road,
- The widening of Shier Rings Road from Avery Road to Emerald Parkway,
- Improvements to the intersection of Shier Rings Road and Wilcox Road,
- Improvements to the intersection of Shier Rings Road and Avery Road,
- Improvements to the intersection of Emerald Parkway and Innovation Drive, and
- Improvements to the intersection of Emerald Parkway and Woerner-Temple Road,

and in each case, together with all costs and improvements necessary and appurtenant thereto, including, without limitation: paving and repaving; curbs and gutters; sidewalks and bikeways; culverts, bridges or tunnels; demolition; public utilities which include water mains, sanitary sewer, and storm sewer; storm water improvements; installation or relocation of utility lines (buried, or at or above grade); gas, electric and communications service facilities (including fiber optics); street lighting and signs; sidewalks and bikeways; streetscaping, landscaping and aesthetic improvements; traffic signs and signalization; other signage; acquiring interests in real estate; erosion and sediment control measures; and grading, drainage and other related work.