City of Dublin

Office of the City Manager
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Memo

To: Members of Dublin City Council

From: Dana L. McDaniel, City Manager

Date: September 3, 2015

Initiated By: Angel L. Mumma, Director of Finance

Re: **Ordinance No. 65-15 – Establishing a Tax Increment Financing District (Bridge Park) (Block B)**

Summary

Ordinance 65-15 proposes the establishment of the Bridge Park Tax Increment Financing District for Block B within the Bridge Park development.

This particular Ordinance would establish a TIF under the provision of ORC 5709.41 on the parcels within Block B (identified in Exhibit A to the Ordinance). This section of ORC permits the legislative authority of a municipal corporation to declare any improvement to a parcel of real property to be a public purpose if (1) the municipal corporation held fee title to the parcel prior to the adoption of the ordinance and (2) the parcel is leased, or the fee of the parcel is conveyed, to any person either before or after adoption of the ordinance. Service payments generated on improvements to parcels within this type of TIF are permitted to be used to finance public and private improvements.

Upon Council approval of the final plat for Block B, Staff, legal counsel and the property owner, Crawford Hoying, will begin the process of transferring ownership of the parcels within the proposed 5709.41 TIF so that the City can prove that it held fee title to the parcels prior to adoption of this particular Ordinance.

As the platting occurs on the other development blocks, staff will bring forward additional Ordinances to create additional TIFs under 5709.41 as development progresses and the incentive contingencies under the Development Agreement are met.

TIFs created under 5709.41 will be the base TIFs for the Bridge Park development with the Incentive District TIF (created under ORC 5709.40(c) – Ordinance 45-15) being "layered" on top, applying only to those "residential" properties. It is acceptable that the geography of these two TIF will overlap, which will allow flexibility in the future for any of the owner-occupied residential units (i.e. condominiums) to be converted to apartments without losing TIF revenues.
The service payments generated within the Bridge Park TIFs will be used to fund the public roadway improvements, parking garages and a conference/events facility. The Development Agreement, and more specifically, Exhibit E, "Application of Service Payments and NCA Revenues," indicates how the service payments generated from the improvements will be applied.

This proposed TIF is within the defined area covered by 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. However, staff has notified Dublin City Schools that this new TIF within the Bridge Street District is being considered by City Council.

Recommendation

Staff recommends that City Council adopt Ordinance No. 65-15 by emergency action at the second reading/public hearing on September 21, 2015.

RECORD OF ORDINANCES

Dayton Legal Blank, Inc. Form No. 30043

Ordinance No. 65-15 Passed _____, 20____

AN ORDINANCE DECLARING THE IMPROVEMENT TO CERTAIN PARCELS OF REAL PROPERTY IN THE CITY'S BRIDGE STREET DISTRICT TO BE A PUBLIC PURPOSE AND EXEMPT FROM TAXATION; PROVIDING FOR THE COLLECTION AND DEPOSIT OF SERVICE PAYMENTS AND SPECIFYING THE PURPOSES FOR WHICH THOSE SERVICE PAYMENTS MAY BE EXPENDED; AUTHORIZING COMPENSATION PAYMENTS TO THE DUBLIN CITY SCHOOL DISTRICT AND THE TOLLES CAREER AND TECHNICAL CENTER; AND DECLARING AN EMERGENCY.

WHEREAS, the City has prepared a strategy for comprehensive development within an area of the City known as the Bridge Street District (which area is referred to herein as the "*District*") and has endeavored to work collaboratively with public entities, including the Dublin City School District ("*Dublin School District*") and the Tolles Career and Technical Center ("*Tolles Career Center*"), and private entities to plan for and facilitate the development of the District; and

WHEREAS, the City's strategy for development within the District is primarily focused on creating a new, more urban core for the City, including a dynamic mix of commercial and residential development types generally not currently available within the City; and

WHEREAS, the City and Crawford Hoying Development Partners, LLC have proposed to enter into a development agreement and other related agreements which will generally provide for the redevelopment of the Parcels (as defined in Section 1) and the construction of redevelopment project which will include various uses (the "*Project*"); and

WHEREAS, to facilitate redevelopment throughout the District, including but not limited to the Project, and pay the associated costs of improvements and related incentives, this Council has determined pursuant to Ohio Revised Code Sections 5709.41, 5709.42 and 5709.43 (collectively, the "*TIF Statutes*") to declare the improvement to certain parcels of real property located within the Project area to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, establish an urban redevelopment tax increment equivalent fund for the deposit of the those service payments, specify the purposes for which money in that fund will be expended, and provide for the distribution of an applicable portion of such service payments to the Dublin School District and Tolles Career Center; and

WHEREAS, Ohio Revised Code Section 5709.41 requires that the City hold fee title to the Parcels prior to enacting this Ordinance; and

WHEREAS, prior to the passage of this Ordinance, the City accepted title to the Parcels (as defined in Section 1) and pursuant to the development agreement, the City has or will transfer title to the Parcels to Crawford Hoying Development Partners, LLC or its designee; and

WHEREAS, the Board of Education of the Dublin School District has heretofore adopted a resolution on April 14, 2014, waiving the provision of certain notices, approving the tax exemption of the Improvements (as described in Section 3), authorizing an agreement (which has heretofore been executed) between the City and the Dublin School District providing for the remission of certain payments to the Dublin School District (the "*Dublin School District Agreement*") and making other findings with respect to the tax exemption; and

WHEREAS, the Board of Education of the Tolles Career Center has heretofore adopted a resolution on June 26, 2014 waiving the provision of certain notices, approving the tax exemption of the Improvements, authorizing an agreement (which has heretofore been

executed) between the City and the Tolles Career Center providing for the remission of certain payments to the Tolles Career Center (the "*Tolles Career Center Agreement*") and making other findings with respect to the tax exemption; and

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. 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*"). This Council finds that the City acquired the Parcels while engaged in urban redevelopment.

Section 2. Urban Redevelopment Costs. Money deposited into the TIF Fund (as defined in Section 5) may be used to pay for or finance the costs of improvements to or on, or servicing, the Parcels or the Project, including but not limited to water, sewer and storm sewer improvements, parks and recreation improvements, roadway improvements, parking facilities, the acquisition of real estate and interests in real estate, and site preparation, for those improvements and for the Project, together with all necessary appurtenances and related costs, including but not limited to all costs enumerated in Ohio Revised Code Section 133.15(B), together with any other costs hereafter designated by ordinance (collectively, the "*Urban Redevelopment Costs*").

Section 3. Authorization of Tax Exemption. This Council hereby finds and determines that 100% of the increase in assessed value of each Parcel subsequent to the acquisition of that Parcel by the City (which increase in assessed value is hereinafter referred to as the "*Improvement*" as defined in Ohio Revised Code Section 5709.41) is hereby declared to be a public purpose and will be exempt from taxation for a period commencing on the effective date of this Ordinance with respect to that Parcel and ending on the earlier of (a) 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. Notwithstanding any other provision of this Ordinance, the exemption granted pursuant to this Section 3 and the payment obligations established pursuant to Section 4 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement approved by the City pursuant to Sections 3735.65 through 3735.70 of the Ohio Revised Code.

Section 4. Service Payments and Property Tax Rollback Payments. Subject to any tax exemption applicable to the Improvement approved by the City pursuant to Sections 3735.65 through 3735.70 of the Ohio Revised Code, and pursuant to Ohio Revised Code Section 5709.42, the owner of each Parcel is hereby required to and shall make annual service payments in lieu of taxes with respect to the Improvement to that Parcel to the Treasurer of Franklin County, Ohio (the "*County Treasurer*") on or before the final dates for payment of real property taxes. Each service payment in lieu of taxes, including any penalties and interest at the then current rate established for real property taxes (collectively, the "*Service Payments*"), will be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and payable against the Improvement if it were not subject to the exemption granted in this Ordinance. 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 Sections 319.302, 321.24, 323.152 and 323.156 of the Ohio Revised Code, 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*"), will be allocated and distributed 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 Bridge Park Urban Redevelopment 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.

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) payment of Urban Redevelopment Costs, including, without limitation, debt charges on any securities of the City issued to pay or reimburse financing costs or Urban Redevelopment Costs, (b) 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 and (c) any other lawful purpose.

All distributions required under this Section 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 5709.41(E), 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 5709.41(E).

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 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 is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety, and welfare of the City, due to the benefits resulting from implementation of the Project's

transportation improvements, as well as the numerous benefits to the City's overall economic health and competitiveness, the benefits to the quality of life of its residents, and the critical timing and seasonality considerations associated with the project's construction and leasing; wherefore, this Ordinance shall be in full force and effect immediately upon its passage; *provided, however*, Section 3 of this Ordinance is effective as to each Parcel commencing with the first tax year an Improvement to that Parcel attributable to a new structure appears on the tax list and duplicate (regardless of tax exempt status).

Signed:

_____
Mayor - Presiding Officer

Attest:

_____
Clerk of Council

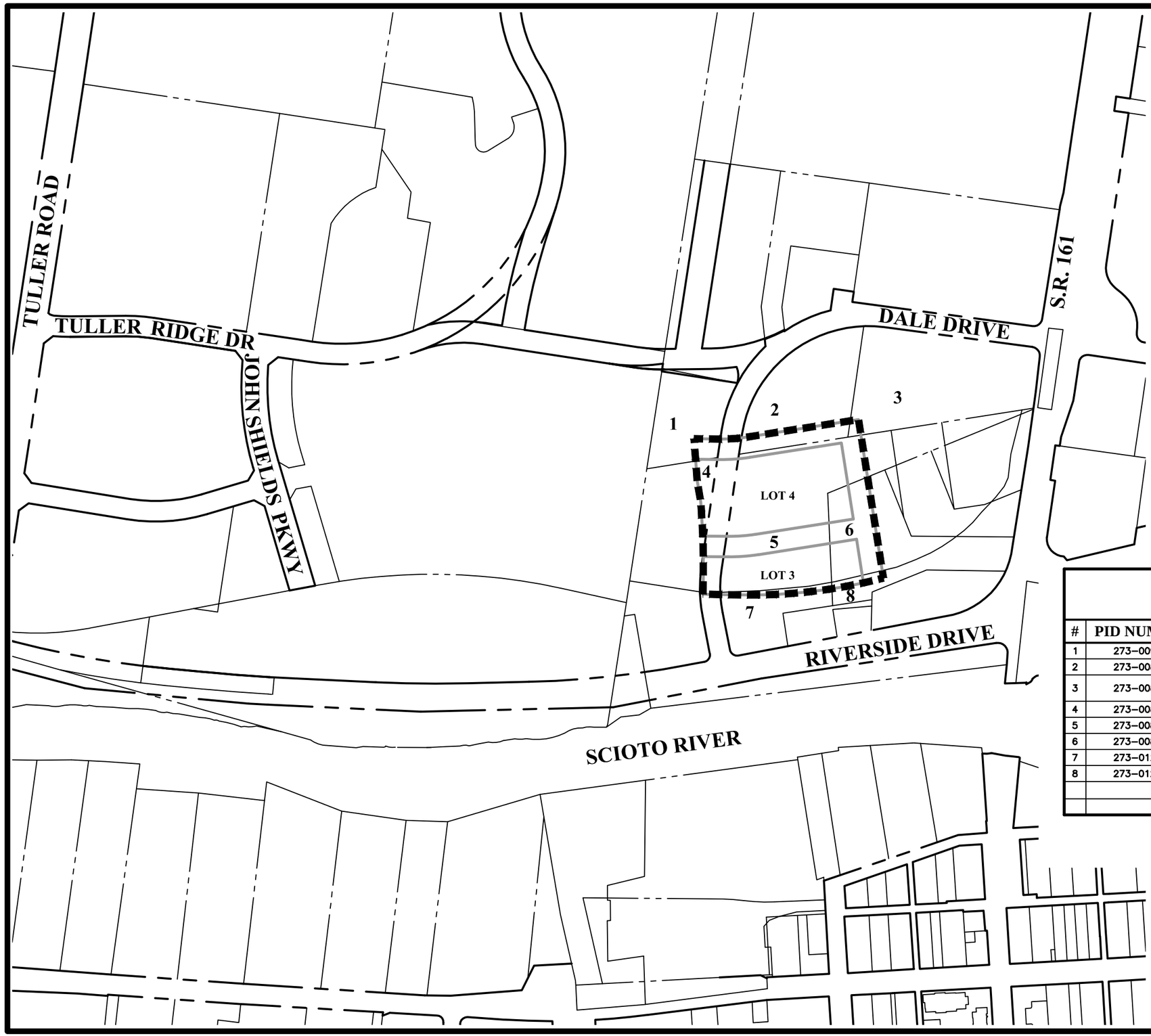
Passed: _____, 2015

Effective: _____, 2015

EXHIBIT A

IDENTIFICATION AND MAP OF THE PARCELS

The shaded area on the following map specifically identifies and depicts the Parcels and constitutes part of this **EXHIBIT A**. The Parcels include, without limitation, the following tax parcels: 273-009155, 273-008867, 273-008868, 273-008998, 273-008994, 273-008834, 273-012463, and 273-0012464 (as they existed in the County Auditor's records on August 27, 2015), and are included for ease of reference only.



PARCEL ID KEY

#	PID NUMBER	OWNER	ACREAGE
1	273–009155	City of Dublin Ohio	0.10
2	273–008867	4351 Dale Dr Acquisition LLC	0.34
3	273–008868	Connelly Brueshaber Real Estate Holdings LLC	0.03
4	273–008998	BPACQ LLC	0.19
5	273–008994	BPACQ LLC	3.08
6	273–008834	BPACQ LLC	0.87
7	273–012463	City of Dublin Ohio	0.11
8	273–012464	City of Dublin Ohio	0.08
		Existing Dale Drive Right–of–Way	0.61
		Total Acreage =	5.41

GRAPHIC SCALE

0 150 300 600

1 inch = 300 feet

DATE: September 4, 2015

SCALE: As Noted

JOB NO.: 2013-1481

CITY OF DUBLIN, FRANKLIN COUNTY, OHIO

EXHIBIT A - .41 TIF PARCELS

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