



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:** April 7, 2016  
**Initiated By:** Angel L. Mumma, Director of Finance  
Terry D. Foegler, Director of Strategic Initiatives/Special Projects  
Jennifer D. Readler, Assistant Law Director  
**Re: Ordinance No. 14-16 (Amended) – Establishing a Tax Increment Financing District (Bridge Park) (Block A)**

## Summary

Ordinance No. 14-16 proposes the establishment of the Bridge Park Tax Increment Financing District for Block A within the Bridge Park development. During the first reading of the Ordinance, Council requested additional information regarding the emergency passage requested by staff.

The staff request was based on a recommendation from the City's bond counsel. The rationale for the emergency was the following:

*Without emergency language, the 30-year timeframe for the TIF begins immediately, regardless of when improvements are reflected on the tax duplicate. This would likely result in the loss of TIF revenues if the improvements on each parcel were not to begin immediately. With emergency language, the exemption becomes 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. This will allow for the maximum generation of TIF revenue. The previous TIF ordinances established under ORC 5709.41 have been approved as an emergency for the same reason.*

Based on previous experience with other Ohio municipalities, bond counsel believed only emergency legislation could provide the appropriate language delaying the start date of the TIF in order to maximize the revenues generated. The Law Director's office reviewed the issue with bond counsel subsequent to the first reading. It is the Law Director's opinion that, based upon the specific provisions of the Dublin Charter, emergency legislation is not necessary in order to provide the language that will delay the start date of the TIF.

Dublin Charter Section 4.04(b) provides the following:

*Unless otherwise provided in the Revised Charter, all other ordinances shall become effective thirty days after their adoption or at any later date specified by Council.*

As a result of this language, the Law Director's office believes it is advisable to adopt this TIF via

regular legislation, specifying the conditions that define the effective dates. Therefore, emergency legislation is not necessary. Absent such language specifically authorizing Dublin City Council to specify such dates or conditions other than 30 days after adoption, the standard statutory provisions would have applied and the emergency action would have been required. Bond counsel was not aware of this Charter section, but agrees with the Law Director's office that emergency legislation is no longer necessary.

It is imperative that the language implementing the TIF provide that each exemption will become effective on each parcel the first tax year in which improvements to that parcel appear on the tax list and duplicate. There are significant and meaningful potential financial implications and impacts upon the financing of important public improvements and community facilities if the proposed exemption were to begin immediately. Each year in which the construction of the office does not take place, for example, would result in approximately \$324,250 in lost TIF revenues, undermining the financial model established and approved for the public and community facilities needed in Bridge Park. Additionally, should there be any delay in the construction of the hotel there would be an additional \$409,000 loss per year of TIF revenues. The TIF revenues generated within Blocks A, D, F, G, H, and Z are dedicated to fund the community facilities (the five parking structures and the conference/events facility, as well as the internal public and private roadways on these blocks). To the extent that insufficient revenues are available from the TIF proceeds to fund the debt service on the community facilities, the NCA would be required to levy a charge, or a higher charge on Bridge Park properties within the NCA boundaries (potentially harming the market competitiveness of these properties).

### **Recommendation**

Staff believes the appropriate implementation of this TIF can now be accomplished by non-emergency legislation. As such, staff recommends approved of Ordinance No. 14-16 (Amended), which removes all emergency language, at the second reading on April 11.



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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 – Block A 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

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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 shall be effective at the earliest date provided by law; *provided, however,* pursuant to the authority granted to this Council by Section 4.04(b) of the City Charter, 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

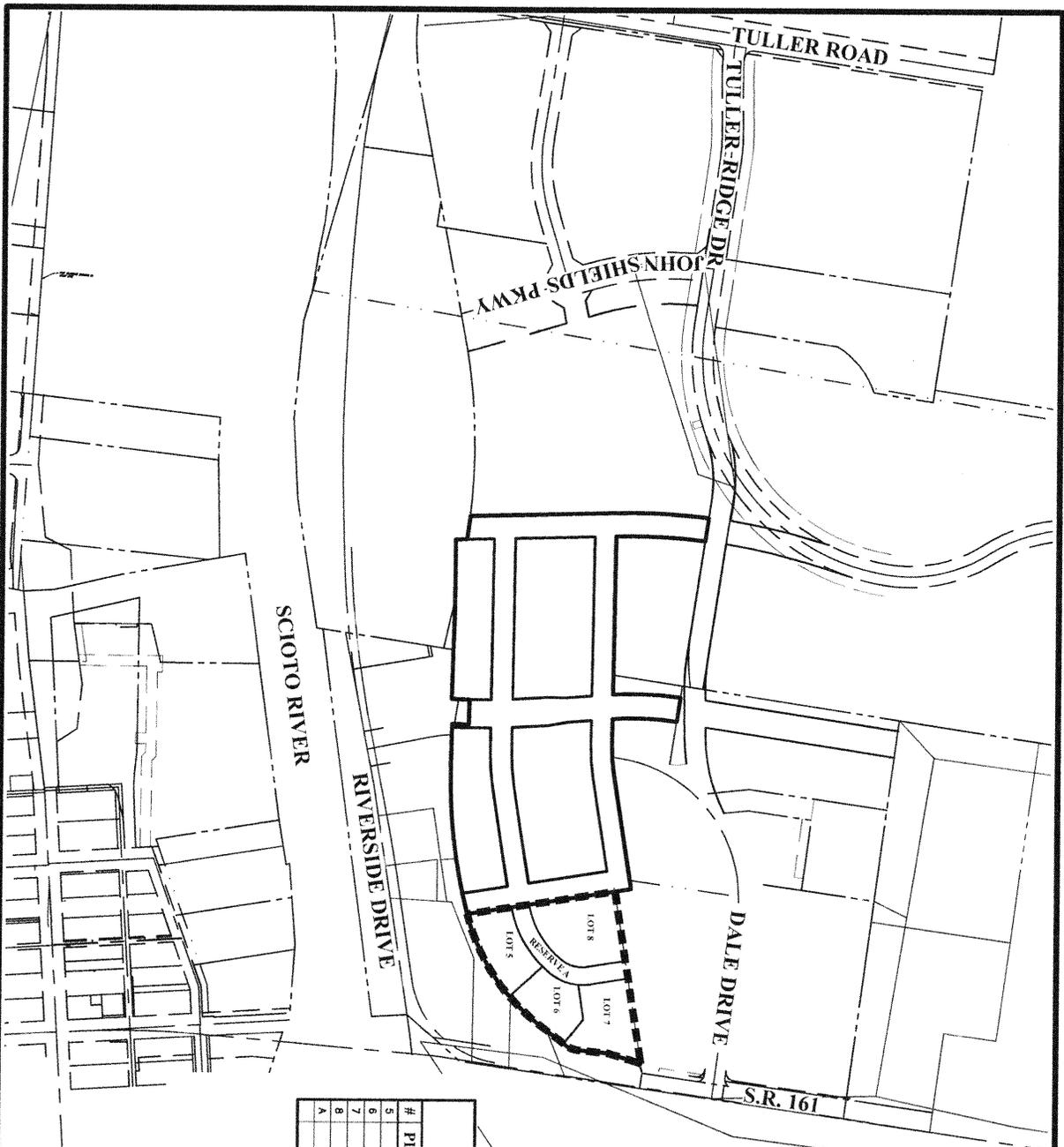
Passed: \_\_\_\_\_, 2016

Effective: \_\_\_\_\_, 2016

## **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
5	273-12719	KW DUBLIN INVESTMENTS LLC	0.648
6	273-12720	KW DUBLIN INVESTMENTS LLC	0.588
7	273-12721	KW DUBLIN INVESTMENTS LLC	0.770
8	273-12722	KW DUBLIN INVESTMENTS LLC	0.976
A	273-12723	KW DUBLIN INVESTMENTS LLC	0.472
Total Acreage =			3.454

**LEGEND**  
 ■■■■■ TIF Border



**EMHT**  
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CITY OF DUBLIN, FRANKLIN COUNTY, OHIO  
**BLOCK A PARCELS**

DATE: February 22, 2016  
 SCALE: As Noted  
 JOB NO: 2013-1481