



**To:** Members of Dublin City Council

**From:** Megan D. O'Callaghan, City Manager

**Date:** August 22, 2023

**Initiated By:** Matthew L. Stiffler, Chief Financial Officer/Director of Finance  
Jennifer M. Rauch, AICP, Director of Planning  
Jenna Goehring, Economic Development Administrator  
Mitchell Ament, Management Analyst  
Kendel L. Blake, Management Analyst

**Re:** Ordinance 33-23 Real Estate Transfer and Development Agreement for the Development of Riverview Village with CSD Dublin LLC (Community Space Development, LLC, DBA "COhatch")

## Background

Founded in 2016, CSD Dublin LLC (Community Space Development, LLC, DBA "COhatch") offers a mix of private offices, coworking, meeting and event spaces, and food and beverage concepts. In seven years, the company has grown from a vision to a thriving integrated co-working company with locations in six states. While not all of their locations are located on historic properties, COhatch specializes in restoring historic buildings in town centers to bring new life and energy into the community. The company's mission includes giving back to communities and often supports local charities and entrepreneurs through scholarships.

COhatch first approached Dublin's Economic Development team in 2016 with a concept to explore in the Dublin community. At the time, COhatch had no existing locations and was still working through its business plan and gathering funding. The company and staff continued conversations regarding a Dublin COhatch location, which resulted in an Economic Development Agreement (EDA) signed in April 2019, Ordinance 22-19. The EDA is a five-year, \$700,000 (total) incentive agreement, split evenly by each year (2019-2023). Additionally, COhatch has a set of annual milestones they must successfully complete in order to receive their payment. 2023 is the final year for the current EDA.

In 2017, COhatch had four active locations (two in Worthington, one in Delaware and one in Polaris Fashion Place) and two locations under construction in Upper Arlington and Springfield. Since that time, it has expanded to 40 locations (open or under construction) across six states. They have publicly stated a goal of over 500 locations nationally. The company has become an active partner in the communities of each of its locations by providing scholarships for nonprofits, opportunities for business start-ups and hosting community-based events.

Ordinance 54-20 was approved by City Council on January 4, 2021, and authorized the acquisition of seven residential lots and one parcel on N. Riverview Street, totaling approximately 2.78 acres for a purchase price of \$1.95 million. The City took possession of the parcels on October 21, 2021, and shortly thereafter City Council had the opportunity to tour the premises in late November through early December. Staff provided an update at the January 10, 2022 City Council Meeting, and Council

reaffirmed the proposed Request for Proposal (RFP) process and the role of the proposed Advisory Committee.

The Advisory Committee met several times between February through April to visit the properties and review the project background documents including the 2017 Historical and Cultural Assessment, property condition assessments, zoning requirements, Riverside Crossing Park Master Plan, and the Architectural Review Board (ARB) process. On April 18, 2022, the Advisory Committee reviewed and recommended to City Council a draft RFP for approval to publicly advertise.

The RFP was publicly advertised on the City's website on April 28, 2022. Staff also used social media, including Facebook, Twitter, and LinkedIn, to notify the public about the RFP and generate interest. After the nine-week advertising period, two responses were received, and they were from Corinthian Fine Homes and COhatch. On August 1, 2022, the Advisory Committee met to discuss and evaluate the proposals. On September 14, 2022, the Advisory Committee interviewed COhatch to gain greater understanding of their proposal. After discussion and analysis of both proposals, the Committee determined that the COhatch concept best addressed the preservation, pedestrian activity, historic character, and public experience goals. It was noted that further evaluation was needed, including the use of designated riverfront parkland, density, and the uncertainty of the use for the southernmost homes. On September 26, 2022, Council approved the recommendations of the Advisory Committee to select COhatch's proposal for further consideration and to direct staff to evaluate and negotiate the proposal through the development process.

On February 22, 2023, COhatch presented an Informal Request to the Architectural Review Board (ARB) based on the accepted RFP. All eight properties were included at that time, and the Board provided feedback on the potential to rezone the area to Historic Core, density, and overall concept. The Board was favorable toward rezoning and supported the lesser density. The Board also supported the addition of an office building on the east side of N. Riverview Street as well as the potential demolition of outbuildings along N. Blacksmith Lane and the house at 53 N. Riverview Street noting that there is demolition criteria that must be met (reference attached ARB documents).

Through further discussions with COhatch and consistent with their proposal indicating an option for others to own the southern block of properties, on July 31, 2023, Ordinance 24-23 authorized the City Manager to dispose of three properties (parcel nos. 273-000068, 273-000107, 273-000032 in the City of Dublin, County of Franklin and State of Ohio). The public auction is currently open and will end on September 18, 2023. Staff has also continued to evaluate and negotiate their proposal with a focus on economic development. Through these negotiations, the initial development concept has evolved to a first-of-a-kind coworking and entrepreneurship village to include COhatch's national headquarters.

### **Development Agreement**

COhatch ("Developer") is looking to expand its footprint and establish its national headquarters (HQ) in Downtown Dublin. Ordinance 33-23 authorizes the execution of the proposed Development Agreement ("Agreement") with COhatch for the development of the Riverview Village concept. The parcels that are the subject of the proposed agreement are as depicted on Exhibit A.

Riverview Village is proposed to be COhatch's new HQ and a one-of-a-kind coworking and

entrepreneurship community. The development will be visible from The Dublin Link pedestrian and bicycle bridge, Bridge Park, Riverside Crossing Park, North High Street and E. Bridge Street. This walkable district will attract interest with its history and architecture, beautiful views, unique food and beverage options, educational business experiences and innovative community atmosphere. The area will provide a unique opportunity for Dublin to enhance its historic district, restoring and revitalizing this North Riverview neighborhood.

The properties located at Riverview Village will encompass start-ups, small businesses, freelancers, nonprofits and hybrid companies representing all innovative aspects of the future of remote and hybrid work. The proposed COhatch HQ and Riverview Village development aligns with Dublin's Economic Development strategies. This project is in furtherance of creating distinctive development nodes and builds on the momentum of the Bridge Street District. The expanded opportunity for start-up businesses would continue to add an innovative flavor to the Historic District that is also being encouraged in the Metro Office District, West Innovation District and the Bridge Street District. Start-up pitch competitions held at this facility would allow investors to connect with small businesses that are in need of growth capital. The additional employees and events held at this location within the Historic District would also create more support to the existing businesses in the immediate area and be a draw for activity on the west side of the Scioto River.

#### Developer Commitments

Pursuant to the terms of the proposed Agreement, COhatch will design Riverview Village, and use best efforts to achieve all necessary approvals of the Final Development Plan from the City's Architectural Review Board, Planning and Zoning Commission and City Council by December 31, 2024. COhatch agrees that it will construct the Private Improvements at its sole cost and expense. The total estimated cost of private investment for restoration and new build construction is at least \$8,000,000. The Developer shall commence construction of the Private Improvements no later than sixty (60) days after the Closing Date, and will use best efforts to substantially complete construction of Private Improvements no later than December 31, 2026. COhatch agrees that it will, from the date of this Agreement perform on behalf of the City all required maintenance and upkeep on the property as necessary to comply with the City's Codified Ordinance and to a reasonable standard based on the properties' current state.

COhatch agrees that within ninety (90) days of the execution of the Agreement, it will establish its HQ at the Existing Office with the expectation that the HQ will be expanded into Riverview Village. The Developer represents that the minimum annual payroll associated with individuals employed by either CSD Dublin LLC or its affiliates employed at the HQ will be \$8 million. The project expects to create 571 jobs within the City.

COhatch agrees to provide public access to certain patios and outdoor spaces located on the East Development Parcels, as designated in the Final Development Plan. COhatch will award on behalf of the City 40 scholarships per year and \$57,000 in COhatch credit for coworking memberships or other meeting/event space per year. COhatch will list the City as a sponsor/partner on all marketing materials affiliated with Riverview Village and include the City's Economic Development team in on-boarding sessions with all new members. COhatch will provide information to the City pertaining to member agreements including City tax account forms and W-9 forms as well as quarterly reporting pertaining to events and special programming at Riverview Village. Additional commitments and benefits regarding Riverview Village are set forth in Section 12 of the proposed Agreement.

### City Commitments

In return, the City agrees to transfer its interest in the West Parcels and those portions of its interest in the East Parcels which are required for the development of Riverview Village (as reasonably determined by the City, the "*East Development Property*") as-is. Upon approval of the Final Development Plan, the City will split the East Parcels in order to create one or more separate tax parcels constituting the East Development Property as are necessary to accommodate the construction of the improvements identified in the Final Development Plan. The real property ultimately conveyed to the Developer is referred to as the "*Property*". The income tax incentive proposed is a seven-year payroll performance withholding incentive of up to \$1,714,000 as a result of an 20% Incentive Factor for COhatch employees and members. The City will also provide an annual Economic Development Grant of up to \$195,000 for ten years, depending on the developer's final financing terms. The annual amount of the grant is based on an interest rate of 6.75% for the loans, and will be reduced by \$11,000 for every 0.25% reduction in the Loan interest rate (e.g. if the Loan interest rate is 6.00%, the annual grant will be \$161,700).

The City will design and construct the necessary Public Improvements. Simultaneously with the development and approval of the Final Development Plan, the City will undertake, with input from COhatch, a review to determine those public improvements in and around the Property, including North Riverview Street, North Street, Blacksmith Lane and Wing Hill Lane, together with street lighting, underground utilities and to the extent feasible, on street parking, which are necessary to facilitate development of and access to Riverview Village (collectively, the "*Public Improvements*"). The City will have sole authority to determine the work and will use best efforts to coordinate the timing of various elements of the Public Improvements with the construction of the Private Improvements. These public infrastructure improvements are needed with or without this development and are considered maintenance improvements. With the land use and associated infrastructure needs for this area identified, now is the appropriate time to upgrade the infrastructure to Historic District standards.

### Closing

The obligation of the City to transfer the Property, and the obligations of the Developer to develop the Private Improvements, are contingent upon the satisfaction of all of the contingencies specified in the Agreement. Either the City or the Developer may terminate the Agreement at any time prior to Closing if the Contingencies have not been satisfied or waived by June 30, 2025.

The City and the Developer have agreed upon a Purchase Option in favor of the City for the Property. Should COhatch fail to complete the Private Improvements prior to December 31, 2027 or cease operations at Riverview Village, the City has the option to purchase all or a portion of the Property. The Purchase Option price would be the necessary amount to repay any Loans secured by COhatch. If the Private Improvements are completed but COhatch ceases operations at Riverview Village, the option price would be equal to the greater of the amount necessary to repay any loans and the fair market appraised value, less \$2,000,000 plus any grants previously paid. The Purchase Option terminates with respect to the West Parcels thirty (30) years after the completion of the Private Improvements. The Purchase Option remains effective for the East Development Parcels for the maximum period permitted by law.

### Financial

The financial benefits to the City include income tax revenues which are estimated to be \$8.6 million through 2033 and Tax Increment Financing service payment revenue estimated to be \$10.0 million over 30 years.

Staff is requesting funds for the Public Improvements as part of the 2024-2028 Capital Improvements Program (CIP) update. The transportation and public utility infrastructure improvements in and around the Property, including North Riverview Street, North Street, Blacksmith Lane and Wing Hill Lane are anticipated to include street lighting, underground utilities and to the extent feasible, on street parking, which are necessary to facilitate the development of and access to Riverview Village. The improvements will also provide for a 30-inch diameter parallel trunk sewer installation along North Riverview Street. The need for this project was identified in the Deer Run Sanitary Sewer Modeling Report from 2012 and the Sanitary Sewer Modeling Update in 2019. Providing this improvement will increase system capacity and reduce the occurrences of sanitary system overflow and water in basement events in the Deer Run sanitary system. This will also help to fulfill the obligation of the Director's Final Findings and Orders from the Ohio EPA. Staff is currently proposing funding for detailed design of the Public Improvements in 2024 at \$1,190,000, while construction is planned for 2025 at \$7,060,000. Should Council approve this Ordinance, staff will continue to review the improvements and refine the scope of work and estimates.

Since 2008, the City has sponsored the Dublin Entrepreneurial Center ("DEC") with financial contributions totaling \$4,924,419. Since the last contract renewal in 2019, the City's sponsorship contribution decreased annually, allowing Dart Points (formerly Metro Data Center), a five-year window to increase self-sustainability through other means. The decreased funding model of the DEC was intended to free up additional funds to increase innovation programming City-wide over a five-year period without increasing the annual budget. The City's sponsorship of the DEC is approximately \$250,000 for 2023. Staff continues to evolve the DEC model as trends change, research other types of partnerships and explore innovative small business support options that could compliment the DEC and the Dublin community, like membership-driven collaboration spaces, and smart and innovation centers for research and development. Given that the lease agreement between Dart Points and the City is set to expire at the end of 2023, staff believes this is an appropriate time to consider continuing to free up additional funds to potentially offset the City's commitments without a budget increase.

Additionally, Riverview Village is a potential site for an innovation center that could be created as part of the City's Fiber to the Home initiative. The agreement with altafiber includes a \$250,000 allocation to potentially be used for an innovation center. Staff believes Riverview Village would be the ideal spot for an innovation center because of the high volume of foot traffic in the area, its visibility and its proximity to The Dublin Link.

## **Recommendation**

Staff recommends City Council approve Ordinance 33-23 at the second reading/public hearing on September 11, 2023.