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:** October 20, 2020

**Initiated By:** Matthew L. Stiffler, Director of Finance

**Re:** Ordinance No. 32-20 – Establishing A Tax Increment Financing District (Towneplace Suites)

**Summary**

Towneplace Suites Marriott is constructing a new five story, 64,000 square-foot hotel with 105 guest rooms located on the south side of Upper Metro Place near the intersection with Frantz Road. Although Towneplace Suites Marriott did not request assistance from the City in terms of public infrastructure improvements, the City is proposing to create a Tax Increment Finance (TIF) district as authorized by Ohio Revised Code Section 5709.40.

Ordinance No. 32-20 proposes the establishment of the Towneplace Suites TIF.

The location of the Towneplace Suites TIF is within the defined area of 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, though the City did provide this notice for this ordinance.

For purposes of projecting potential service payments, staff has estimated that the value of the private improvements will be approximately $5.5 million. Based on the current millage, it is estimated the TIF will generate approximately $193,585 annually in years 1 – 15 and $175,127 annually in years 16 – 30. These service payments will provide funding for public infrastructure improvements serving the Bridge Street District included in the Description of Public Infrastructure Improvements, Exhibit B to the Ordinance.

**Recommendation**
Staff recommends that Council adopt Ordinance 32-20 at the second reading/public hearing on November 9, 2020.

*Ordinance No.* 32-20 *Passed* _____, _____

**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; SPECIFYING THE PUBLIC INFRASTRUCTURE IMPROVEMENTS DIRECTLY BENEFITING THE PARCELS; AND AUTHORIZING COMPENSATION PAYMENTS TO THE DUBLIN CITY SCHOOL DISTRICT AND THE TOLLES CAREER AND TECHNICAL CENTER.**

**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**, to facilitate development throughout the District and pay the associated costs of infrastructure improvements and related incentives, this Council has determined pursuant to Ohio Revised Code Sections 5709.40, 5709.42 and 5709.43 (collectively, the "*TIF Statutes*") to declare the improvement to certain parcels of real property located within the City to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, provide for the distribution of a portion of such service payments to the Dublin School District and Tolles Career Center, establish a municipal public improvement tax increment equivalent fund for the deposit of the those service payments, 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**, the Board of Education of the Dublin City 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 defined 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 City 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*").

Section 2. Public Infrastructure Improvements. This City Council hereby designates the public infrastructure improvements described in **EXHIBIT B** attached hereto (the "*Public*

Section 3. *Infrastructure Improvements*") and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements made, to be made or in the

Section 4. process of being made by the City that directly benefit, or that once made will directly benefit, the Parcels.

Section 5. 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 (separate exemption periods 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 6. 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 reduction 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 7. TIF Fund. This City Council hereby establishes, pursuant to and in accordance with the provisions of Ohio Revised Code Section 5709.43, the Towne Place 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.

Section 8. 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) during years 1-30 of the exemption for each Parcel, payment to the Dublin City School District in accordance with the Dublin School District Agreement and payment to the Tolles Career Center in accordance with the Tolles Career Center Agreement, (b) 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 (c) any other lawful purpose.

Section 9. 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 10. 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 11. 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 12. 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 13. 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: _____, 2020

Effective: _____, 2020

**EXHIBIT A**

IDENTIFICATION AND MAP OF THE PARCELS

The outlined area on the following map specifically identifies and depicts the Parcels and constitutes part of this **EXHIBIT A**.

**EXHIBIT B**

PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Public Infrastructure Improvements include any "public infrastructure improvement" defined under ORC Section 5709.40(A)(8) and all related costs of those permanent improvements (including, but not limited to, those costs listed in ORC Section 133.15(B)) and the following:

- **Roadways**. Construction, reconstruction, extension, opening, improving, maintaining, widening, grading, draining, curbing or changing of the lines and traffic patterns of roads, highways, streets, intersections, bridges (both roadway and pedestrian), sidewalks, bikeways, medians and viaducts accessible to and serving the public, and providing signage (including traffic signage and informational/promotional signage), lighting systems, signalization, and traffic controls, and all other appurtenances thereto.

- **Parking**. Construction, reconstruction, improving, and equipping of surface or structured public parking facilities.

- **Water/Sewer**. Construction, reconstruction or installation of public utility improvements (including any underground municipally owned utilities), storm and sanitary sewers (including necessary site grading therefore), water and fire protection systems, and all appurtenances thereto.

- **Environmental/Health**. Implementation of environmental remediation measures necessary to enable the construction of the private improvements on the Parcels or the Public Infrastructure Improvements, and the construction of public health facilities.

- **Utilities**. Construction, reconstruction, burial or installation of gas, electric and communication service facilities and all appurtenances thereto, including, but not limited to mechanical relocations for electric and communications facilities necessary for the development of the Property, and those associated with improvements described in "Roadways" above.

- **Stormwater**. Construction, reconstruction, relocation, modification and installation of stormwater and flood remediation projects and facilities, both for storm water quantity and quality, including the payment and reimbursement for such projects and facilities on private property when determined to be necessary for public health, safety and welfare.

- **Demolition**. Demolition, including demolition of the existing structures on the Parcels.

- **Parks**. Construction or reconstruction of one or more public parks and park or recreational facilities, including grading, trees and other park plantings, park accessories and related improvements, multi-use trails and bridges, together with all appurtenances thereto including, without limitation (i) park improvements (shelter, hardscape, lighting, irrigation, benches, and other amenities) on the Property, (ii) an eight-foot asphalt path around storm water ponds on the Property, (iii) pond enhancements/beautification, retaining walls, railings, seating areas, center/circle gathering area, and landscaping on the Property, (iv) East/West path(s) from Frantz Road to the public park space on the Property and (v) pocket parks at NE (Blazer Parkway/Frantz Road and SE (Rings Road/Frantz Road) corners.

- **Streetscape/Landscape**. Construction or installation of streetscape and landscape improvements including trees, tree grates, signage, curbs, sidewalks, scenic fencing, street and sidewalk lighting, trash receptacles, benches, newspaper racks, burial of overhead utility lines and related improvements, together with all appurtenances thereto, including, but not limited to streetscape improvements in conjunction with and along the roadway improvements described in "Roadways" above.

- **Real Estate**. Acquisition of real estate or interests in real estate (including easements) (a) necessary to accomplish any of the foregoing improvements or (b) in aid of industry, commerce, distribution or research, including acquisition of interests in the Parcels necessary for redevelopment of the Parcels.

- **Professional Services**. Engineering, consulting, legal, administrative, and other professional services associated with the planning, design, acquisition, construction and installation of the foregoing improvements and real estate.