



CITY OF WORTHINGTON
Worthington City Council Minutes
June 3, 2019

6550 N. High Street
Worthington, Ohio
43085

CALL TO ORDER – Roll Call, Pledge of Allegiance

Worthington City Council met in Regular Session on Monday, June 3, 2019, in the John P. Coleman Council Chambers of the Louis J.R. Goorey Municipal Building, 6550 North High Street, Worthington, Ohio. President Michael called the meeting to order at or about 7:30 p.m.

ROLL CALL

Members Present: Rachael R. Dorothy, Douglas Foust, Beth Kowalczyk, David Robinson, Douglas K. Smith, Scott Myers, and Bonnie D. Michael

Member(s) Absent:

Also present: City Manager Matt Greeson, Assistant City Manager Robyn Stewart, Director of Law Tom Lindsey, Director of Finance Scott Bartter, Chief of Fire John Bailot, Director of Service & Engineering Dan Whited, Director of Planning & Building Lee Brown, Chief of Police Jerry Strait, Director of Parks & Recreation Darren Hurley, Clerk of Council D. Kay Thress, Assistant City Clerk Ethan Barnhardt

There were 7 visitors present.

PLEDGE OF ALLEGIANCE

President Michael invited all to stand and join in reciting the Pledge of Allegiance to the flag.

VISITOR COMMENTS

No visitor comments.

APPROVAL OF THE MINUTES

- Special Meeting Minutes – May 20, 2019
- Regular Meeting – May 20, 2019

Mr. Foust requested that there is a 35 second portion on the video feed from 1:04:45 – 1:05:20 that he would like to see included in the minutes.

Mr. Greeson recommended that we table the minutes and bring back an amendment.

MOTION Mr. Foust moved, Mr. Smith seconded a motion to table the meeting minutes for the Regular Meeting of May 20, 2019.

The motion to table the minutes for the Regular Meeting of May 20, 2019 carried unanimously by a voice vote.

The minutes for the Special Meeting of May 20, 2019 were approved as presented unanimously by a voice vote.

PUBLIC HEARINGS ON LEGISLATION

President Michael declared public hearings and voting on legislation previously introduced to be in order.

Ordinance No. 20-2019 An Ordinance Authorizing the Appropriation of Property and Easements from Multiple Properties for the Public Purpose of Constructing a Roadway Project, Specifically, for the FRA-CR 84-1.36 Northeast Gateway Project, Which Such Roadway Shall be Open to the Public Without Charge.

The foregoing Ordinance Title was read.

MOTION Mr. Robinson moved, Mr. Smith seconded a motion to remove Ordinance No. 20-2019 from the table.

The motion to remove Ordinance No. 20-2019 from the table carried unanimously by a voice vote.

Mr. Lindsey explained how this ordinance is part of a two step legislatively required process by state statute for us to move forward with the appropriation of any properties we cannot successfully negotiate a purchase price. We have listed all of the properties that we would anticipate might meet that requirement. However, negotiations have continued, and he is happy to report one of the parcels has reached a tentative agreement subject to signatures by both parties and the actually closing. We will not remove it from the actual ordinance, though he does not anticipate any problems between now and the closing. None of the other ones have closed. We are still optimistic on a number of these parcels and a number have entered into Right of Entry Agreements which would give us authority to move forward, which is not the same as us purchasing it, but it will not hold up the project. It is possible that if something were not to resolve, we would need to appropriate.

Mr. Robinson asked if Mr. Boggs with Frost, Brown, Todd, who is handling negotiations for this could come back to explain how this negotiation process works.

There being no additional comments, the clerk called the roll on Ordinance No. 20-2019. The motion carried by the following vote:

Yes 7 Robinson, Kowalczyk, Foust, Dorothy, Smith, Myers, and Michael

No 0

Ordinance No. 20-2019 was thereupon declared duly passed and is recorded in full in the appropriate record book.

Ordinance No. 21-2019

Authorizing the City Manager to Enter into a Community Reinvestment Area Agreement with Worthington 17, LLC to Grant a Seventy-Five Percent (75%) Tax Exemption for Real Property Improvements to be Made to the Property Located at 6740 North High Street in the City of Worthington for a Period Not to Exceed Ten (10) Years.

The foregoing Ordinance Title was read.

Mr. McCorkle described how he is pleased to recommend for approval a Community Reinvestment Area (CRA) for the former Anthem-Blue Cross/Blue Shield property. CRAs exempt a percentage of real property taxes on just the improvements of a property. The baseline property tax revenue will continue to be paid to the various jurisdictions as is currently being done, only the increased percentage of the valuation will be abated.

CRAs were originally created in the 1960s to deal with urban blight. Cities, villages, or counties can petition the state to create a CRA area or zone. A housing survey must be completed as part of the petition, which was completed in 2002-2003. The state requires that the CRA have contiguous boundaries or zones which are preferred for reporting purposes. The area or zone must also have two structures, one of which must be residential or historic. They also require a Housing Council, Housing Officer, and Tax Incentive Review Council.

CRA agreements require that anything more than 50% or 10 years have school board approval. This CRA received the school board approval in May. We also complete an annual report that is submitted to the state every year by March 31st.

In Worthington our program is primarily focused on Huntley & Proprietors Corridors, Wilson Bridge Corridor, and High Street. Our program was formally created in 2005 and the CRA here only focuses on commercial and industrial, residential properties are not eligible.

In Worthington there are three criteria for a CRA required:

1. Conduct commercial or industrial activity on the property such as manufacturing, warehousing, wholesale or office
2. Minimum investment of at least \$1M in new construction or improvements to the property
3. Employ minimum of 25 new employees or incur at least \$1M in new annual payroll costs in the City

Property owners or developers must enter into a legal agreement with the City to obtain CRA exemption before commencing any remodeling or construction work.

This property is located at 6740 N. High Street and is the former home of Anthem Blue Cross/Blue Shield. When they left, they had approximately 400 employees with about 225 of those on-site. An additional 150 employees were working remotely. They did have significant payroll at that building. When they left, they were only occupying 30,000 square feet of 207,000 square feet. They moved to the Point at Polaris and only leased 30,000 square feet. The property was purchased by Worthington 17, LLC in late 2017 and is currently vacant. The 207,000 square foot office building was built in the early 1970s. The request is for 10 acres comprised of 6 parcels that are to be abated.

Mr. Myers asked how this property ended up as six parcels and if there has ever been a move to combine those. Mr. Brown said that they probably gathered it parcel by parcel at a time. If it were coming in today, or when we work with the applicant for any redevelopment, we will probably go through a process to combine the parcels. Usually with state building codes for commercial, you cannot cross property lines. We will eventually be able to clean it up and create one big parcel.

Mr. McCorkle said that there are three parcels that are not being abated, the parking lot to the east and the anticipated retail development to the south. For that reason they are not included in the property tax abatement.

Mr. Foust asked if that would be the time to combine those two into one if something is to be developed there. Mr. McCorkle responded affirmatively.

Mr. Robinson asked for clarification about the requirement for there to be two properties, residential or historic for a CRA. Mr. McCorkle replied that requirement was for the CRA district to be initially created, which was done in 2005, and does not apply in this instance.

Mr. McCorkle gave a description of the project details and how with an abatement, the rationale would be that it would create a fixed expense that will attract office tenants. It would be a triple net lease where the property owner will ask for a certain price for square foot as a base price. It is then on the tenant to pay for utilities, taxes, and insurance on top of that. The property tax abatement allows us to hold the property taxes relatively consistent, making the property more attractive. They will have an expected expense for the next ten years.

Mr. Robinson asked if the tenant is the beneficiary of the 75% abatement. Mr. McCorkle said the true beneficiary is who is paying the tax bill, which would be Worthington 17, LLC. It is his understanding that Worthington 17, LCC is planning to structure the lease as a triple net lease which would pass the benefit along to the tenants.

Mr. McCorkle explained how the baseline property value is estimated at \$5.25 million. They acquire the site for \$6.5 million and the property owner then anticipates selling the southern parcel as a cash infusion, reducing the baseline value. They anticipate \$4-6 million in renovation costs. They are waiting on a tenant to come and say what they want done. The assumption is the creation of 400 new jobs by year five, assuming a multitenant user. The property owners are marketing it as both a single occupancy with a single user utilizing the entire building, and multitenant with multiple users splitting the building. Both are possible and we do not know the answer to that right now. He is hopeful we blow past the estimation of jobs created in year one, but we do not know that yet. The payroll commitment of \$16 million by year five assumes an average salary of \$40,000.

Mr. Myers asked if the job commitment numbers are baked into the agreement. Mr. McCorkle said that is correct. The TIRC has the ability to recommend changes to the agreement if they are not in compliance, which would then be brought to Council.

Mr. McCorkle detailed the economic impact to the Worthington City Schools and the City of Worthington. In this particular case, the schools are foregoing an average of \$106,000 per year, but will receive 25% from the portion not abated, and new revenues from a retail building for an estimated net gain of \$7,079. The City of Worthington is foregoing \$5,309, but the increased income tax revenues and property taxes from the non-abated portion and the new retail results in an estimated net annual impact to the City of \$400,355. If the retail building is not constructed on the southern parcel as anticipated, the City and schools will work in good faith on an income tax sharing agreement.

He described how the property is currently addressed as 6740 North High Street, but they anticipate rebranding it as 6700 North High Street.

Ms. Dorothy asked how many CRAs we have in the City of Worthington. Mr. McCorkle said we approved three 10-year CRAs in 2007, which have already burned off. We have one that is currently active at FC Bank which was approved in 2015. Ms. Dorothy asked about tenants looking for another location after the abatement burns off. Mr. McCorkle said that can happen and used the example of Roadrunner leaving with the abatement on their building burning off. Ms. Dorothy detailed how we receive most of our general revenue from income tax and when Anthem went away, we lost nearly \$1 million in income tax. The listed number here that we are incentivizing of \$400,000, is lower and she questioned if that is better than nothing. Mr. McCorkle explained that is a conservative estimate. The building is currently vacant, and they have shown many people the space. He believes it is critical we make the space as attractive as possible and offer as much as we can to attract businesses into that. In addition to the CRA, this was also our first user of the PACE assistance program.

Ms. Kowalczyk asked why the CRA is so important for this initiative. Mr. McCorkle detailed how we have an aging office product in Worthington, and we are struggling to compete with new Class-A office space in Easton, Polaris, and Bridge Park in Dublin. If you look at our neighbors, they are baking tax abatements into their buildings when they are constructed. That makes it challenging to compete. It is challenging to take a 40-50-year-old building and make it attractive from an incentive perspective. This levels the playing field and is getting us a little more on an equal footing with the other product coming online.

Mr. Robinson noted a clerical error in the CRA documents and then asked about the ordinance itself where it references revisions or additions approved by the City Manager and he asked what authority the City Manager may have and what types of things fall under that description. Mr. Lindsey explained how the language is standard where a sample agreement is being attached to the ordinance prior to the finalization of that agreement, and so the Exhibit A here is a draft agreement. In this language you would be authorizing the City Manager to make those revisions or additions that are consistent with the general objectives and requirements of the ordinance as set forth in the ordinance. As with all of our agreements it would require the Law Director's approval to form.

There being no comments, the clerk called the roll on Ordinance No. 21-2019. The motion carried by the following vote:

Yes 7 Foust, Dorothy, Smith, Myers, Robinson, Kowalczyk, and Michael
No 0

Ordinance No. 21-2019 was thereupon declared duly passed and is recorded in full in the appropriate record book.

NEW LEGISLATION TO BE INTRODUCED

Resolution No. 35-2019 Amending the Position Title and Position Description for Police Chief.

Introduced by Ms. Kowalczyk.

MOTION Mr. Robinson made a motion to adopt Resolution No. 35-2019. The motion was seconded by Mr. Foust.

Mr. Greeson explained how Chief Strait is retiring from the Division of Police later this summer and it is customary when we are anticipating any opening, to review the job description for the position and begin a process for recruitment. We have recommended some changes to the job description. There are a couple including a modest change in the timing requirement for a bachelor's degree. The most significant change is an amendment to the title of the position to Deputy Director of Safety/Police Chief. The Fire Chief and other department heads are all unclassified positions, also at-will, and this resolution would designate the Police Chief as a similar unclassified position.

There being no additional comments, the motion to adopt Resolution No. 35-2019 passed unanimously by a voice vote.

Resolution No. 36-2019

Strongly Urging the Ohio Governor and Members of the Ohio General Assembly to Restore the Local Government Fund to Pre-Recession Levels.

Introduced by Mr. Foust.

MOTION

Mr. Smith made a motion to adopt Resolution No. 25-2019. The motion was seconded by Mr. Myers.

Mr. Greeson detailed how the Local Government Fund (LGF) has been reduced significantly since the Great Recession. There was a time where we received \$1 million per year in LGF monies and last year in 2018 we received \$358,937. It is an important revenue stream and is one of the few that are discretionary and not designated for a particular use. Strong cities make a strong Ohio. Since the 1930s there has been some kind of revenue sharing because there is value in helping local governments be sustainable from a fiscal standpoint and have stable levels of service. The economy has rebounded and with state revenues rebounding, it is logical to increase the LGF dollars that were cut during the recession. Many organizations advocating for local governments are supporting increased local government funding.

Ms. Kowalczyk asked if it was fair to say due to the cuts, when we do need funding it has been up to the community, putting pressure on our residents. Mr. Greeson said that the reductions in the LGF have had different effects on different communities. In our case, we have less diverse revenue streams than in the past. In 2008, we had Estate Tax revenues which were eliminated, Tangible Personal Property Tax which were phased out, and we had more LGF funding. With those sources of revenue gone, income tax as a percentage of our overall budget now stands at 74%, necessitating that we retain significant fund balances.

President Michael said that if the funds are not coming in, it takes the projects we would like to do and pushes them back because we do not have the additional funding coming in.

Ms. Kowalczyk said that taking those revenues and holding them at the state level and segregating them into specific funding streams really inhibits local governments from driving dollars where they need to go. She believes this is incredibly important and we should encourage the General Assembly to take a close look at it.

Mr. Robinson says that this resolution is a good idea, however, the General Assembly will ultimately be more motivated by the voters. He asked if there are ways to communicate the purpose of this resolution to the public and educate them as to what we are doing and what is going on at the Statehouse. Mr. Greeson said we would engage Ms. Brown who is best equipped to do that.

There being no additional comments, the motion to adopt Resolution No. 36-2019 passed unanimously by a voice vote.

Ordinance No. 22-2019 Amending Ordinance No. 52-2018 (As Amended) to Adjust the Annual Budget by Providing for an Appropriation from the Capital Improvements Fund Unappropriated Balance to Pay the Cost of Curb Improvements at Wilson Bridge Road & the Railroad Crossing for the NE Gateway Intersection Improvement Project and all Related Expenses with said Project. (Project No. 602-14)

Introduced by Ms. Dorothy.

Ordinance No. 23-2019 Amending Ordinance No. 52-2018 (As Amended) to Adjust the Annual Budget by Providing for an Appropriation from the Capital Improvements Fund Unappropriated Balance to Pay the Costs of the East Wilson Bridge Road Resurfacing Project and all Related Expenses and Determining to Proceed with said Project. (Project No. 692-19)

Introduced by Ms. Kowalczyk.

The Clerk was instructed to give notice of a public hearing on said ordinance(s) in accordance with the provisions of the City Charter unless otherwise directed.

REPORTS OF CITY OFFICIALS

Policy Item(s)

- Architectural Review Board Appeal - 885 Evening Street

Mr. Greeson explained that the appellant has withdrawn their appeal for the ARB's approval of the modular classroom at 885 Evening Street. Council tabled that and procedurally we want to remove it from the table before accepting the withdrawal.

MOTION Mr. Foust moved, Mr. Smith seconded a motion to remove the appeal from the table.

The motion to remove the appeal from the table carried unanimously by a voice vote.

MOTION Mr. Myers moved, Ms. Dorothy seconded a motion to accept the withdraw of the appeal.

The motion to accept the withdraw of the appeal carried unanimously by a voice vote.

Mr. Greeson reported that our Electric Aggregation Program has a reported 98% participation rate according to our consultant Rich Surace with Energy Alliances. Typically, there is a higher opt out rate of approximately 5% in other communities he has worked with.

REPORT OF COUNCIL MEMBERS

Mr. Smith said residents have reached out to us via email and letters and he asked if we have a plan to respond as a group. President Michael responded that staff are developing responses to the correspondence, which will be shared with Councilmembers.

Mr. Myers noted that June 7 is National Gun Violence Prevention Day and he asked if we heard anything back from Senator Kunze about the letter we sent a year ago. Mr. Greeson said he remembers we got an acknowledgement receipt of the letter. Mr. Myers said he would imagine we received acknowledgement of receipt, but doubts we received committal about doing anything.

Ms. Dorothy thanked the American Legion, and everyone involved with the Memorial Day Parade. It was a fabulous event. Several residents came up to her to ask if Worthington was ever going to consider a single use plastic bag ban such as Bexley has recently done.

Ms. Kowalczyk commented that when she was on vacation in South Carolina recently, she noticed plastic bags were not being used and things were still running very smoothly. She mentioned how Worthington First Wednesday is coming up and the focus this month is on the arts. The Picnic with the Partnership is on June 22nd and this is the Partnership's signature event. She brought up how she received an email from a resident about our nondiscrimination ordinance and asked since June is Pride Month if we could highlight that, perhaps by flying flag over City Hall.

President Michael thanked those involved in the Memorial Day Parade and remembering those who died. Our own Vice Mayor Lorimer was the marshal and the distinguished keynote speaker was Chief Jerry Strait. She also mentioned that last night's Concert on the Green was recognized as Eric Gnezda day, celebrating the songs he has written, and his work with Songs at the Center.

Mr. Foust said in response to Ms. Kowalczyk's suggestion about flying a flag above City Hall, he discussed his work with the County Commissioners and how they have had a lot of dialogue over time about displays on the County Courthouse lawn. If we start having that conversation, he has some things to offer. However, it is one of those things where the word slippery slope comes to mind.

EXECUTIVE SESSION

MOTION

Mr. Myers moved, Ms. Dorothy seconded a motion to meet in Executive Session to discuss board and commission appointments and land acquisition.

The clerk called the roll on Executive Session. The motion carried by the following vote

Yes 7 Dorothy, Myers, Kowalczyk, Foust, Robinson, Smith, and Michael

No 0

Council recessed at 8:28 p.m. from the Regular meeting session

MOTION Mr. Foust moved, Mr. Robinson seconded a motion to return to open session at 9:07 p.m.

The motion carried unanimously by a voice vote.

ADJOURNMENT

MOTION Mr. Myers moved, Mr. Smith seconded a motion to adjourn.

The motion carried unanimously by a voice vote.

President Michael declared the meeting adjourned at 9:07 p.m.

/s/ Ethan C. Barnhardt

Assistant City Clerk

*APPROVED by the City Council, this
17th day of June, 2019.*

/s/ Bonnie D. Michael

Council President