MEMORANDUM

TO: Matt Greeson

FROM: Jeffry Harris

DATE: May 1, 2014

SUBJECT: 2014 Worthington TIRC follow-up actions by City Council

---

This memo is intended to summarize actions taken by the Worthington Tax Incentive Review Council (TIRC) during its recent meeting as well as to recommend follow-up actions by Worthington City Council.

Recommended Action by City Council

The 2014 Worthington TIRC recommended continuing all active Community Reinvestment Area abatements and Tax Increment Financing exemptions. In addition, the Worthington TIRC recommended that commitments in place at the Worthington Station project (Proprietors Road) be amended to those figures reported at the project site during the 2013 reporting year.

The Worthington TIRC's recommendations are believed by City staff to be reasonable and appropriate, including the recommendation to modify certain of the commitments in place for the Worthington Station project.

This action will continue the City's various tax exemption projects for 2014. The Worthington TIRC will re-evaluate the projects again in 2015.

Background

Community Reinvestment Area (CRA) abatements and Tax Increment Financing (TIF) exemptions are administered locally by the City's economic development staff, subject to State law requirements. One such requirement is to hold an annual TIRC meeting to review active projects in Worthington receiving tax exemptions.

The Worthington TIRC held its annual meeting on April 29, 2014 to review the City's three (3) CRA abatement projects and four (4) TIF projects active during reporting year 2013. The

Worthington TIRC is charged with making recommendations to City Council to continue, modify, or cancel each active exemption agreement. The TIRC has made its recommendations and action by Worthington City Council is required under State law by June 28.

CRA Active Projects

1. Worthington Station Project (862 – 918 Proprietors Road) – 75%, 10-year

Project Background:

The Worthington Station Project is made up of individual parcels comprising the former Worthington Foods manufacturing site. The facility sat vacant and unused and the property was demolished by the Robert Weiler Company in 2005. Thereafter, the property was sold to developer 900 Proprietors, LLC.

Worthington City Council passed Ordinance 13-2007 (April 2007) authorizing the 75 percent, 10-year abatement on any improvements made to the Worthington Foods site. To-date, only a portion of the entire manufacturing site has been redeveloped. Although the original plan was to construct up to 12 office condominium buildings (total 85,000 sq ft), only four (4) such buildings (total 17,900 sq ft) were ever constructed; each building is located on its own parcel. In response, Worthington City Council passed Ordinance 57-2010 (December 2010) to limit the CRA abatement to only those parcels redeveloped through 2010.

During the 2013 reporting year, and for the first time, all four buildings at the project site were subject to an active CRA abatement. All the abated properties have been purchased from the original developer. The four owners during the 2013 reporting period were: BCR Worthington LLC; Ohio Soybean LLC; S&G Worthington Venture; and WFP Properties LLC.

2013 Reporting Year -- Project Performance:

	Amended Agreement Terms	**2013 Actual**
Real Estate Investment Commitment	$2,510,900	$1,962,100
Investment Time Frame	01.31.2011	05.2010
Retained Jobs	-	-
Retained Payroll	-	-
New Jobs	38 FT	44 FT
New Annual Payroll	$3,094,558	$2,599,936

TIRC Recommendation:

City Council should continue the CRA abatement, with project companies in compliance. At the same time, the TIRC recommended that the commitments under the CRA agreement be amended to those reported in 2013. This is the recommended course, as the 2013 reporting year is the first period in which all abatements were on-line and businesses were reporting their activities. This represented the first reporting year in which a true sense of activity at the project became available

City staff agrees with the recommendation by the Worthington TIRC to continue the CRA abatement with amendments to the project in-line with 2013 performance measures.

2. ***RoadRunner Project (535 Lakeview Plaza Blvd.) – 60%, 10-year***

Project Background:

The City of Worthington entered into a CRA exemption agreement with the developer Lakeview Properties in October 2007 to encourage development of office, warehouse and retail space on the site at 535 Lakeview Plaza Blvd. Under the terms of the agreement, a 75 percent, 10-year tax exemption was put in place on the property. The agreement expressly identified the developer Lakeview Properties as the owner and RoadRunner Sports Inc. as the tenant.

Amendments were made in 2011 by the TIRC and City Council to change the abatement: (i) reducing the benefit from 75 to 60 percent for the remainder of the abatement term; (ii) reducing new full-time jobs committed to 50; (iii) reducing annual payroll commitments to $1,395,000; and (iv) assigning the abatement to the new owner of the parcel (RM-Use LLC).

2013 Reporting Year -- Project Performance:

	Amended Agreement Terms	**2013 Actual**
Real Estate Investment Commitment	$2,750,000	$3,492,000
Investment Time Frame	11.01.2009	10.2008
Retained Jobs	-	-
Retained Payroll	-	-
New Jobs	50	55
New Annual Payroll	$1,395,000	$1,930,830

TIRC Recommendation:

City Council should continue the CRA abatement as amended in 2011.

City staff considers the recommendation set forth by the Worthington TIRC to be reasonable and appropriate.

3. *Worthington Professional Park Project (740 - 760 Lakeview Plaza Blvd) – 75%, 10-year*

Project Background:

Worthington entered into a CRA abatement agreement with the developer Worthington Professional Park Limited (WPPL) in May 2007 to encourage the redevelopment of commercial space located at 150-760 Sancus Blvd (now the office condominiums at 740-760 Lakeview Plaza Blvd). Under the terms of the agreement, a 75 percent, 10-year tax abatement was to have been put in place on the property.

The original development plan for the property was for WPPL to improve existing facilities at the site and create office condominiums for sale to commercial office users. At this time, the condominium project has been built-out, with improvements to 740 Lakeview Plaza Blvd completed in October 2007 and improvements to 760 Lakeview Plaza Blvd completed in November 2008. The several condominium units comprising those buildings were then sold to new commercial owners.

After the 2012 TIRC, at which this project was presented as incomplete, City staff submitted CRA applications for the condominium parcels comprising the project site. The Franklin County Auditor's Office responded that it would recognize abated improvements for six (6) of the 11 condominium parcels at the project site.

Last year, the TIRC recommended that City Council continue the CRA abatement with the following recommended modifications: (1) new job commitment reduced to 35 full-time employees; and (2) payroll commitment reduced to $1,886,345. It was recommended to leave unchanged the exemption's 75 percent, 10-year term.

City Council adopted Resolution 35-2013, accepting the TIRC's 2013 recommendation in whole.

2013 Reporting Year -- Project Performance:

	Amended Agreement Terms	**2013 Actual**
Real Estate Investment Commitment	$1,500,000	$1,487,700
Investment Time Frame	12.31.2009	11.2008
Retained Jobs	-	-
Retained Payroll	-	-
New Jobs	35 FT	37 FT
New Annual Payroll	$1,886,345	$2,080,701

TIRC Recommendation:

City Council should continue the CRA abatement as amended in 2013.

City staff considers the recommendation set forth by the Worthington TIRC to be reasonable and appropriate.

TIF Active Projects

1. Worthington Station Project (862 – 918 Proprietors Road) – 25%, 10-year

Project Background:

Worthington City Council passed Ordinance 50-2007 to authorize a 25 percent parcel TIF on the redevelopment of the former Worthington Foods manufacturing site. The TIF revenues are to reimburse the City's investment, made in 2005, of $150,000 for constructing a sound barrier along the railroad tracks at the eastern end of the site.

Because only a portion of the site actually was redeveloped, Worthington City Council limited the TIF by removing the exemption from the undeveloped portions of the Worthington Foods site (Ordinance 58-2010).

In December 2008, Worthington's outside legal counsel filed documentation on behalf of the City to effect the dual tax incentives (CRA and TIF) for each of the four (4) developed parcels at the project site.

In February 2012, City staff became aware that the TIF materials included an erroneous filing: namely, the paperwork filed to TIF the parcel at 862 Proprietors Road had been mistakenly filed on behalf of the property owner; such documentation was to have been filed on behalf of the City.

After fully reviewing the issue, Worthington City Council approved legislation in December 2012 demonstrating to the Ohio Tax Commissioner and the Franklin County Auditor that the City consented to both CRA abatement and TIF exemptions in place on the project site. (This step was required under Ohio Revised Code §5709.911(B)(1) to preserve the City's original intent to use both tools at this location.) The Ohio Tax Commissioner thereafter issued a revised final determination acknowledging both the CRA and TIF exemptions for 862 Proprietors Road.

2013 Reporting Year -- Project Performance:

Through year-end 2013, the City recognized $74,605 in deposits to the TIF fund for purposes of reimbursing the cost of construction for a sound wall at the project site.

For reporting year 2013, the increase in the true value of parcels of real property on which improvements have been undertaken equaled $1,962,100. The number of new employees at the project site was 44, and retained employees were zero (0).

TIRC Recommendation:

City Council should continue the TIF exemption. City staff considers the recommendation set forth by the Worthington TIRC to be reasonable and appropriate.

2. ***Worthington Square Venture LLC (7227 North High Street) – 100%, 30-year***

Project Background:

Worthington City Council passed Ordinance 47-2010 to authorize a 100 percent, 30-year urban redevelopment TIF on the value of improvements made to the former Worthington Square Mall. The TIF revenues are intended to reimburse the developer, Worthington Square Venture LLC, for the costs of various improvements to entrance facades and streetscapes at the southern, eastern and northeastern portions of the 140,000 sq ft retail facility.

In late December 2011, the developer submitted the required documentation to file the TIF. At the time of this writing, staff continues to await the Ohio Tax Commissioner issuing a final determination acknowledging the TIF exemption for the mall parcel.

2013 Reporting Year -- Project Performance:

During 2013, the City recognized zero dollars ($0) in deposits to the TIF fund. The Franklin County Auditor has yet to acknowledge the taxable value of improvements made to the parcel; thus resulting in no payments in lieu of taxes flowing into the TIF fund.

TIRC Recommendation:

City Council should continue the TIF exemption. City staff considers the recommendation set forth by the Worthington TIRC to be reasonable and appropriate.

3. ***West Wilson Bridge Road Incentive District TIF (160 W. Wilson Bridge) – 100%, 30-year***

Project Background:

Worthington City Council passed Ordinance 45-2012 to authorize a 100 percent, 30-year, non-school incentive district TIF on the value of improvements made by Crawford Hoying Development Partners, LLC to develop a mixed-use office and residential project on the rear parking lot behind the Shops at Worthington Place and the former James Tavern site at 160 West Wilson Bridge Road.

During 2013, the City had not yet submitted the required documentation to create the TIF with the Franklin County Auditor.

2013 Reporting Year -- Project Performance:

During 2013, the City recognized zero dollars ($0) in deposits to the TIF fund. The Franklin County Auditor has yet to acknowledge the taxable value of improvements made to the parcel; thus resulting in no payments in lieu of taxes flowing into the TIF fund.

TIRC Recommendation:

City Council should continue the TIF exemption. City staff considers the recommendation set forth by the Worthington TIRC to be reasonable and appropriate.

4. West Dublin Granville Road TIF (2233 - 2299 West Dublin-Granville Rd) – 75%, 10-year

Project Background:

Worthington City Council passed Ordinance 42-2013 to authorize a 75 percent, 10-year, non-school parcel TIF on the value of improvements made to the former Segna Volvo dealership property. The TIF revenues are intended to cover the construction of public infrastructure improvements to the intersection of State Route 161 (West-Dublin Granville Road) and Linworth Road.

During 2013, the City had not yet submitted the required documentation to create the TIF with the Franklin County Auditor.

2013 Reporting Year -- Project Performance:

During 2013, the City recognized zero dollars ($0) in deposits to the TIF fund. The Franklin County Auditor has yet to acknowledge the taxable value of improvements made to the parcel; thus resulting in no payments in lieu of taxes flowing into the TIF fund.

TIRC Recommendation:

City Council should continue the TIF exemption. City staff considers the recommendation set forth by the Worthington TIRC to be reasonable and appropriate.