

ORDINANCE NO. 33-2014

An Ordinance Creating an Incentive District and Declaring Improvements to Real Property within the District to be a Public Purpose; Designating the Public Improvements that Benefit or Serve the District; Requiring the Owners of the Real Property to Make Service Payments In Lieu of Taxes; and Establishing a Municipal Public Improvement Tax Increment Equivalent Fund.

WHEREAS, Ohio Revised Code (“**ORC**”) §§5709.40, 5709.42 and 5709.43 (the “**TIF Statutes**”) provide that this Council may, under certain circumstances, create an incentive district and declare improvements to real property within the district to be a public purpose, thereby exempting those improvements from real property taxation, as well as designate public infrastructure improvements that benefit or serve parcels in the district, provide for payments in lieu of taxes by the owners of the real property, and establish a municipal public improvement tax increment equivalent fund; and,

WHEREAS, the City undertook a comprehensive planning effort in 2005 to prepare for future land use changes and development projects along High Street within the historic downtown Worthington, and City staff, stakeholders and the City’s outside planning consultant held a series of public meetings, including community interviews and steering committee input, resulting in the writing of a final plan approved by City Council on December 5, 2005 (the “**Comprehensive Plan Update**”); and,

WHEREAS, this Council desires to encourage the development of the real property described and depicted on EXHIBIT A attached to this Ordinance (the “**Property**”) to further the City’s approved Comprehensive Plan Update and achieve the economic development goals of the City in a manner that is consistent with the existing neighborhood; and,

WHEREAS, the Comprehensive Plan Update establishes a strategic vision for the future of the historic downtown Worthington, serving as a blueprint for guiding the continued success of this mixed-use destination, and such plan described public infrastructure deficiencies, such as parking supply and infrastructure impediments, that hamper future redevelopment opportunities; and,

WHEREAS, this Council intends that the Property constitute an Incentive District (as defined in ORC §5709.40(A)(5)) and ratifies and affirms the certification by the City Engineer, which is attached hereto as EXHIBIT B, that the public infrastructure serving the Incentive District is inadequate to meet the development needs of the Incentive District as evidenced by the Comprehensive Plan Update; and,

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WHEREAS, it is necessary and appropriate and in the best interests of the City to provide for the payment of annual service payments in lieu of taxes (“**Service Payments**”) by the current and future owners of the Property (each an “**Owner**,” and collectively, the “**Owners**”) with respect to the Improvements pursuant to ORC §5709.42; and,

WHEREAS, the designated public infrastructure improvements described in EXHIBIT C attached hereto (the “**Public Infrastructure Improvements**”) will benefit or serve the Property; and,

WHEREAS, the redevelopment of the Masonic Lodge and Snow House Properties (the “**Project**”) to be undertaken in the Incentive District will place additional demand on the Public Infrastructure Improvements designated in this Ordinance; and,

WHEREAS, it is in the best interests of the City to declare the Improvements to the Property within the Incentive District to be a public purpose, as Improvements are defined below and in ORC §5709.40(A)(4), and to provide an exemption from real property taxes as set forth in this Ordinance; and,

WHEREAS, notice of this Council’s intention to declare the Improvements exempt from real property taxes and to pass this Ordinance has been delivered to the Board of Education of the Worthington City School District (the “**Board**”) in accordance with ORC §5709.40(D)(2), and this Council ratifies and affirms the delivery of such notice; and,

WHEREAS, pursuant to ORC §5709.40(D)(3), the Board intends to take no formal action in response to the City’s notice hereof, contingent upon the City and the Board entering into a mutually acceptable compensation arrangement, memorialized by a memorandum of understanding substantially in the form on file with the City (the “**Board Compensation MOU**”); and,

WHEREAS, notice of this Council’s intention to create an Incentive District for more than ten years and the percentage of the Improvements exempted from real property taxes exceeds 75 percent and to pass this Ordinance has been delivered to the Board of Franklin County Commissioners (“**County Commissioners**”) in accordance with ORC §5709.40(E), and this Council ratifies and affirms the delivery of such notice; and,

WHEREAS, this Council and the County Commissioners agreed to a mutually acceptable compensation agreement, with this Council approving such an agreement via Ordinance 47-2014, to compensate those social service levying agencies providing children’s services, alcohol, drug addiction and mental health services, developmental

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disability services, and senior option services (collectively, the “**Franklin County Social Service Agencies**”), in proportional amounts of the taxes that would have been payable if the Improvements had not been exempted from taxation, during the exemption period set forth in this Ordinance and as provided under ORC §5709.43(C)(1)(b)(i) (the “**Franklin County Compensation Agreement**”); and,

WHEREAS, the City intends to apply for exemptions from taxation on behalf of the Owners of the Property located within the Incentive District, pursuant to ORC §5709.911; and,

WHEREAS, notice of this Council’s public hearing on this Ordinance has been delivered to every Owner whose real property is located within the boundaries of the Incentive District in accordance with ORC §5709.40(C)(2), and this Council ratifies and affirms the delivery of such notice; and,

WHEREAS, pursuant to ORC § 5709.40(C)(2), this Council conducted a public hearing on this Ordinance on November 3, 2014, which date was not later than thirty days prior to adopting said Ordinance; and,

WHEREAS, this Council desires that the Public Infrastructure Improvements be constructed; and,

WHEREAS, the City has planned for, and intends to incur, the costs to construct the Public Infrastructure Improvements; and,

WHEREAS, this Council desires that a portion of the costs of the Public Infrastructure Improvements and related expenses be paid from the Service Payments made in respect to the Improvements.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Municipality of Worthington, County of Franklin, State of Ohio:

SECTION 1. Pursuant to and in accordance with the provisions of the TIF Statutes, this Council hereby determines and finds that it is in the best interests of the City to create an Incentive District comprised of the Property described herein (which shall constitute the “**Downtown Worthington Incentive District**”) and declare the Improvements to the Property within the Downtown Worthington Incentive District to be a public purpose and to grant an exemption from real property taxes on those Improvements, and this Council finds and determines that one-hundred percent (100%) of the applicable increase in true value of the Property subsequent to the effective date of this Ordinance (the “**Improvements**”) within the Downtown Worthington Incentive District is hereby declared to be a public purpose, with said exemption commencing on the first day of the first tax year after the effective date of this Ordinance in which the Improvements attributable to the construction of one or more completed redevelopment projects in the Downtown

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Worthington Incentive District first appears on the tax list and duplicate of real and public utility property, and ending on the earlier of (i) thirty (30) years after such commencement date or (ii) the date on which the City can no longer require Service Payments, all in accordance with the requirements of ORC §5709.40 and ORC §5709.42. The life of the Downtown Worthington Incentive District shall commence and end on such dates as the exemption period set forth herein.

SECTION 2. As provided in ORC §5709.42, the Owners of the Property are hereby required to, and shall make, Service Payments to the Treasurer of Franklin County (the “**County Treasurer**”) on or before the final dates for payment of real property taxes without penalty or interest, which Service Payments shall be retained by the County Treasurer or remitted to the City for deposit in the TIF Fund (as defined below), pursuant to ORC §5709.40 and ORC §5709.42 and as provided in Section 4 of this Ordinance. Each Service Payment shall be in the same amount as the real property taxes that would have been charged and payable against the Improvements (after credit for any other payments received by the City under ORC §319.302) had an exemption from taxation not been granted, and otherwise shall be in accordance with the requirements of the TIF Statutes. Any late Service Payments shall be subject to penalty and bear interest at the then current rate established under ORC §323.121(B)(1) and ORC §5703.47 or any successor provisions thereto, as the same may be amended from time to time (the payment of penalties and interest are collectively referred to herein with the annual service payments in lieu of taxes and any related amounts received by the City under ORC §319.302 as the Service Payments).

SECTION 3. This Council finds and determines that the Public Infrastructure Improvements will benefit or serve the Property in the Downtown Worthington Incentive District.

SECTION 4. This Council hereby authorizes and directs the Director of Finance to establish, pursuant to and in accordance with the provisions of ORC §5709.43, the Downtown Worthington Municipal Public Improvement Tax Increment Equivalent Fund (the “**TIF Fund**”) to be maintained in the custody of the City. The TIF Fund shall receive all Service Payments made in respect of the Improvements which are received by the City from the County Treasurer in accordance with this Ordinance.

The Service Payments received by the City shall be deposited into the TIF Fund and used (i) first, to pay the City’s customary and reasonable costs related to the exercise of its rights and the discharge of its obligations under the TIF Statutes, this Ordinance, the Board Compensation MOU, the Franklin County Compensation Agreement and all other related laws, agreements and undertakings, (ii) second, to make payments to the Board as described in the Board Compensation MOU, (iii) third, to make payments to the County Commissioners to compensate the Franklin County Social Service Agencies as described in the Franklin County Compensation Agreement; (iv) fourth, to pay the costs of the construction of the Public Infrastructure Improvements, and (v) fifth,

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if any Service Payments remain in the TIF Fund after the payments described in (i) – (iv) above, to make payments to the City to be used for purposes of making any other future Public Infrastructure Improvements.

The TIF Fund shall remain in existence so long as the Service Payments are collected and used for the aforesaid purposes, after which the TIF Fund shall be dissolved in accordance with ORC §5709.43(D). Upon such dissolution, any incidental surplus remaining in the TIF Fund shall be disposed as provided in ORC §5709.43(D).

SECTION 5. The City Manager, the Director of Finance and the Director of Law, and any other City official, as appropriate, are each authorized and directed to sign any documents, instruments or certificates, including without limitation any agreement to authorize or otherwise distribute Service Payments under this Ordinance, and to take such actions as are necessary or appropriate to consummate or implement the transactions described in or contemplated by this Ordinance.

SECTION 6. Pursuant to ORC §5709.40(I), the Clerk of this Council is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Development Services Agency within fifteen days after its passage, and on or before March 31 of each year that the exemption set forth in Section 1 hereof remains in effect, the City Manager shall cause to be prepared and submitted to the Director of the Development Services Agency the status report required thereunder.

SECTION 7. This Council finds and determines that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council and that all deliberations of this Council that resulted in those formal actions were in meetings open to the public in compliance with the law.

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SECTION 8. That notice of passage of this Ordinance shall be posted in the Municipal Administration Building, the Worthington Library, the Griswold Center and the Worthington Community Center and shall set forth the title and effective date of the Ordinance and a statement that the Ordinance is on file in the office of the Clerk of Council. This Ordinance shall take effect and be in force from and after the earliest period allowed by law and by the Charter of the City of Worthington, Ohio.

Passed December 15, 2014

/s/ Bonnie D. Michael
President of Council

Attest:

/s/ D. Kay Thress
Clerk of Council

Introduced October 20, 2014
P.H. December 15, 2014
Effective January 7, 2015

EXHIBIT A

PROPERTY DESCRIPTION

Real property located on, adjacent to, or bounded by High Street, from South Street to North Street, as more fully set forth in this Exhibit A, and which such property is collectively enclosed in a continuous boundary in Worthington, Franklin County. This Property shall include any purported subdivisions of the enumerated parcels.

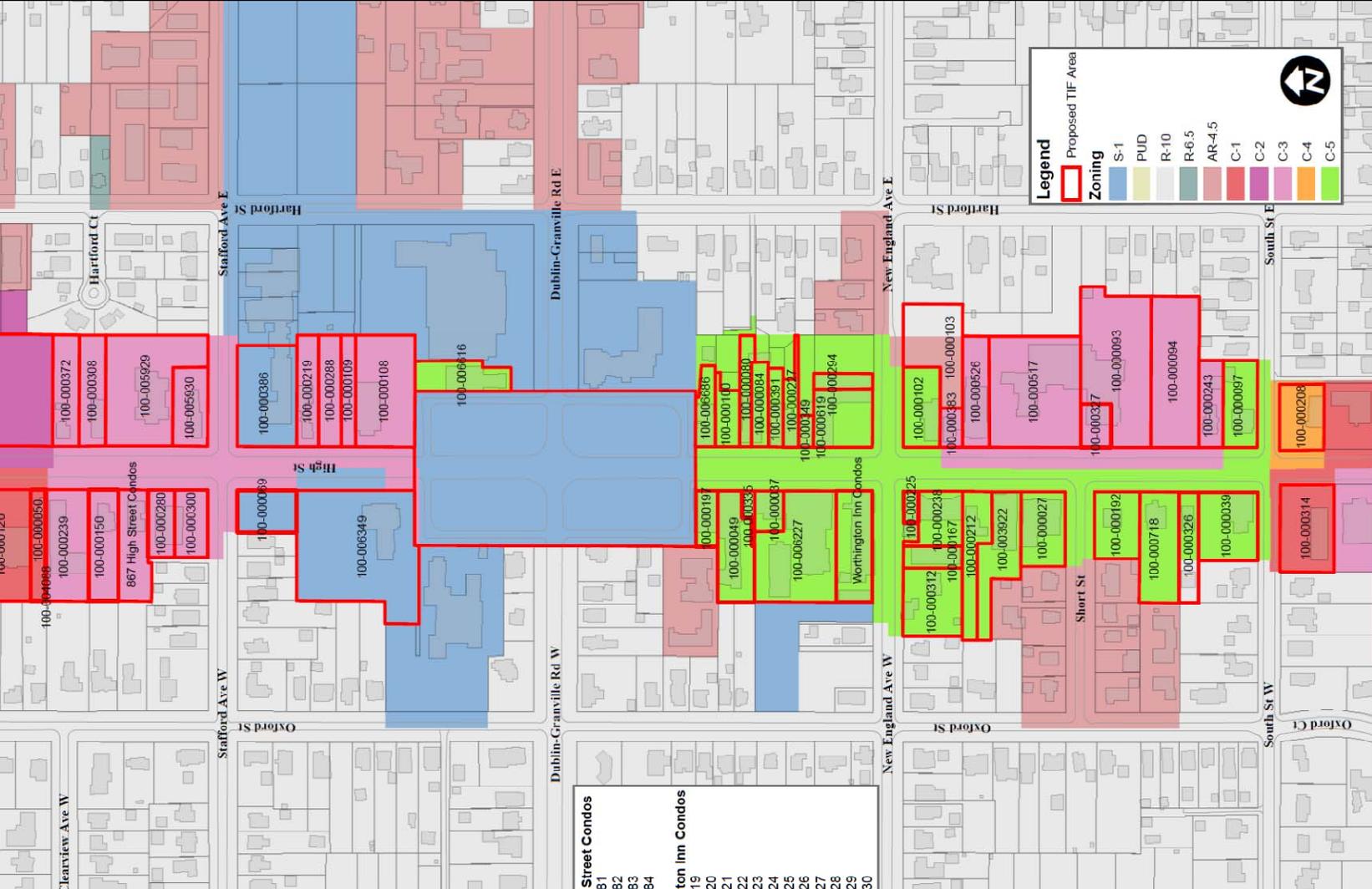
This real property may be identified by such Parcel Numbers as may be reassigned by the Franklin County Auditor and street addresses as assigned by the City of Worthington.

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Parcel ID	Address	Street	Unit
100-000003	920	High St	
100-000027	597	High St	
100-000037	669	High St	
100-000039	547	High St	
100-000049	679	High St	
100-000050	891	High St	
100-000069	819	High St	
100-000080	0	High St	
100-000084	688	High St	
100-000093	0	High St	
100-000094	560	High St	
100-000097	544	High St	
100-000100	0	High St	
100-000102	640	High St	
100-000103	49	New England Ave E	
100-000108	800	High St	
100-000109	0	High St	
100-000120	893	High St	
100-000150	879	High St	
100-000167	25	New England Ave W	
100-000192	579	High St	
100-000197	689	High St	
100-000208	530	High St	
100-000212	623	High St	
100-000219	808	High St	
100-000225	633	High St	
100-000227	660	High St	
100-000236	900	High St	
100-000238	627	High St	
100-000239	885	High St	
100-000243	556	High St	
100-000280	825	High St	
100-000288	0	High St	
100-000294	644-646	High St	
100-000300	0	High St	
100-000308	882	High St	
100-000312	41	New England Ave W	
100-000314	529	High St	

100-000326	559	High St	
Parcel ID	Address	Street	Unit
100-000327	0	High St	
100-000335	677	High St	
100-000344			
100-000349	656	High St	
100-000372	888	High St	
100-000383	634	High St	
100-000386	820	High St	
100-000391	666	High St	
100-000517	600	High St	
100-000518	911	High St	
100-000526	634	High St	
100-000528			
100-000619	650	High St	
100-000718	571	High St	
100-002147	923	High St	
100-003922	615	High St	
100-003941	940	High St	
100-004088	0	High St	
100-005929	870	High St	
100-005930	12	Stafford Ave E	
100-006227	657	High St	
100-006349	777	High St	
100-006616	752	High St	
100-006619	649	High St	101
100-006620	649	High St	102
100-006621	649	High St	201
100-006622	649	High St	202
100-006623	649	High St	203
100-006624	649	High St	204
100-006625	649	High St	301
100-006626	649	High St	302
100-006627	649	High St	C-1
100-006628	649	High St	C-2
100-006629	649	High St	C-3
100-006630	649	High St	C-4
100-006681	867	High St	
100-006682	868	High St	
100-006683	869	High St	

100-006684	870	High St	
Parcel ID	Address	Street	Unit
100-006686	692	High St	



Legend

Proposed TIF Area

Zoning

- S-1
- PUD
- R-10
- R-6.5
- AR-4.5
- C-1
- C-2
- C-3
- C-4
- C-5

Street	Condos
Street	81
	82
	83
	84
Worthington Inn	19
	20
	21
	22
	23
	24
	25
	26
	27
	28
30	



EXHIBIT B
CERTIFICATION BY CITY ENGINEER

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October 14, 2014

Jeffry Harris
Economic Development Manager
6550 North High Street
Worthington, Ohio 43085

Re: Inadequacy of Public Infrastructure Serving Proposed Incentive District TIF

Dear Mr. Harris:

I write to certify that the public infrastructure serving a to-be-proposed incentive district tax increment financing (Incentive District TIF) area along the High Street spine in downtown Worthington, from South Street to North Street, is inadequate to meet the development needs of the district. Specifically, on-going concerns with parking supply and location and streetscape improvements – noted nearly ten years ago in the City's planning materials – serve as evidence that public infrastructure is inadequate for purposes of serving existing, proposed and future development in and around the Incentive District TIF area. My certification of this inadequacy is in line with observations and development recommendations provided in the City's Comprehensive Plan Update & 2005 Strategic Plan for Worthington adopted by City Council in December 2005 (see pages 80, 106 and 108).

As I understand it, the City is contemplating the creation of an Incentive District TIF enclosed by a continuous boundary and incorporating commercial and some ancillary residential parcels located on or adjacent to the High Street corridor in downtown Worthington, from South Street to North Street.

Pursuant to Ohio Revised Code §5709.40(A)(5)(f), and in my role as the City's Engineer, I am certifying that the public roadway infrastructure – as it exists today and in terms of parking solutions and streetscape improvement efforts – is inadequate to serve the area in light of proposed development of additional residential condominium units within the Incentive District TIF area.

Please let me know if you have any concerns or questions regarding this certification. I can be reached at (614) 431-2425 or via email at wwatterson@ci.worthington.oh.us.

Sincerely,

A handwritten signature in blue ink, appearing to read "William W. Watterson", with a long, sweeping underline.

William W. Watterson
City Engineer

EXHIBIT C

PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Public Infrastructure Improvements include construction to improve the interior and exterior of the Kilbourne Memorial Building at 752 High Street, but only to the extent such improved areas of the building remain dedicated for use by the general public; construction to support parking solutions benefitting or serving the Downtown Worthington Incentive District; and construction of streetscape and façade improvements, as well as rights-of-way and building exteriors, along the High Street corridor. All such Public Infrastructure Improvements shall be as contemplated, planned and incurred under the City's Capital Improvements Plan and as may be associated with the implementation of the Comprehensive Plan Update.

Construction, as used herein, includes construction, reconstruction, extension, opening, improving, widening, grading, draining, curbing or changing of the lines and traffic patterns of roads, highways, streets, bridges, pedestrian facilities (i.e., sidewalks, bike paths, pedestrian crossings), public facilities including buildings, medians and viaducts accessible to and serving the public, providing lighting systems, signalization, and traffic controls, and all other appurtenances thereto.

Construction of the Public Infrastructure Improvements may also include:

- Construction or installation of streetscapes and landscape improvements including trees, tree grates, signage, curbs, hydrants, sidewalks, street and sidewalk lighting, trash receptacles, benches, burial of overhead utility lines and related improvements, together with all appurtenances thereto;
- Demolition and/or environmental remediation required for such public infrastructure improvements;
- Purchase or otherwise acquire real estate or interests in real estate, including rights of way and easements, necessary to accomplish the foregoing improvements;
- Professional fees, including architectural, design, engineering, contract administration, and legal costs;
- All inspection fees and other governmental fees related to the foregoing; and
- Any other costs for the aforesaid Public Infrastructure Improvements as permitted by law.

The City may pledge and direct Service Payments hereunder, in whole or in part, to satisfy any required financial contributions by the City to construct Public Infrastructure Improvements.

All of the Public Infrastructure Improvements described herein are determined to be "public infrastructure improvements" as set forth in ORC §5709.40(A)(7) and will benefit or serve the Property as defined in EXHIBIT A. The Public Infrastructure Improvements shall also include any other future improvements as may be designated by City Council to benefit or serve the Property.

Public Infrastructure Improvements do not include housing renovations within the Downtown Worthington Incentive District.