

Service Committee Minutes

Honorable Council
City of Newark, Ohio
February 12, 2015

There was a meeting of the Service Committee in Council Chambers on Monday February 9, 2015 after Finance Committee with these members present:

Bill Cost Jr.	Ryan Bubb
Jeff Rath	Alex Rolletta
Jeremy Blake	

We wish to Report:

1. Discussion of proposed rezoning of 2260 River Road, proposed development of the site, items to consider in a development agreement, and other funding sources for public improvements in the area.

Director Rhodes- I would like to extend a thank you to the Committee and Council for allowing Redwood Development Company to come in and talk with you a little bit about the proposed addition to the current development they currently have on River Road. They are currently under construction for 66 units as we speak. The property was zoned properly and they came in and met all of the zoning conditions and they were issued a zoning permit. Since then they have went into contract to buy the 6.1 acers of ground that butts up to the current site. That property is zoned agricultural and they would like the property to be zoned the same as the first and add an additional 44 units. As you know when you have proposed zoning changes it comes to Council then to Planning Commission we have a public hearing. The following month I render an opinion and send that to Council where there will be another public hearing. In this case I believe it was November when Planning Commission tabled the discussion on the rezoning because we wanted to work with the Developer a little further. We heard on outcry from residents in terms of traffic, water and sewer. We have had an opportunity to meet with the Redwood Development Company, they have some ideas so instead of me taking these ideas in and coming up with an opinion then sending it on to Council where you have a public meeting, debate it and decide whether it should be rezoned or not. I thought it would be appropriate for them to come in to give you some of their idea. I am going to take another month then render my decision. It is not on the agenda for Planning Commission for tomorrow night but will be on the Planning Commission agenda for March. I had Sherry Elkins from my office reach out to

some residents, I am happy with the job she did there. We have John Latevlere from Redwood Development here to speak to you tonight.

John Latevlere- thank you for providing us with the opportunity to come in and talk. We went to the Planning Commission and then have been in subsequent communication with the City staff. There were a number of issues that have come up but we can generally boil them down to three categories. One is the condition of River Rd, provision of water service and provision of sewer service. These issues are pertaining to the whole River road area. When we sat down with the City staff the view was that there are some existing infrastructure needs in that area and how can this development help to benefit those needs. We met with the staff basically December and January to discuss what those needs were. In this letter (which was passed out to committee members, council members and audience) you will see that I have outlined about 1.5 million dollars of infrastructure improvement that is necessary not for our development but for the overall development of a potential 900 homes as well as some commercial and industrial lands that would be tributary to some of these systems.

I want to talk a little bit about a tax increment financing (TIF) and why this is different than what Newark has already seen. What we are suggesting is a tool that is available to the city as a result of us developing this property under tax laws and finance commercial use. We pay commercial taxes so therefore the ability to put a TIF district on this becomes a possibility. Those three needs that I mentioned earlier the condition of River Rd, and water, sewer provisions are impending regardless whether we build out or not or whether the rezoning of these 44 acres happens. It is the belief of the City staff that this area will development at some point and for this area to develop those improvements will need to be made. The way I look at it this is a tool that the city could use to allow this development to pay for what would ordinarily be more than its' fair share of those improvements. On the last couple of pages of the document I gave you it shows the cash flow projects of what this development would pay. This adds a stream of financing that when you add in the entirety of the 900 units commercial and industrial would allow the development potential of about 5 million dollars in real estate tax base and another 2 million dollars in payroll taxes when you take into account the residents who will live in those homes and the values of those homes. This is just one means to funding those improvements for the City of Newark.

Dick, an associate of Mr. Latevlere whom was there to discuss the TIF- TIF stands for tax increment financing. In its' simplest form when a new project in along anything that produces property tax and if the city creates a TIF area then any of the increase in value of the property is captured in a special taxing arrangement. The base line would be whatever the property was valued at January 1 of that year. A TIF can last 10 to 30 years; the type that is most common is a 30 year TIF. So any increase in value of the next 30 years produces a certain amount of tax. That tax is the same to the developer; they don't pay any more in

tax except now instead of it being tax it is now called service payments. Those payments go into a special fund that is held by the City of Newark. The fund is called a tax increment equivalent fund. There has to be an agreement made with the school district and then the balance goes into this account. There are several important things to remember about a TIF. The money has to be used for public infrastructure improvement. The funds that are collected by the city can be used in a pay as you go basis or it could be used to support bonds. The difference here with this TIF is that there will be a number of different people who will be paying these taxes and the incremental tax that is produced by this development will be available to the city for use off site for improvements that might be necessary or desirable by the city but are not necessary specifically for this development.

Mr. Rath- asked a question pertaining to the portion of the TIF that the school receives. He thought that the City would only receive more tax funds if the schools agreed to less.

Dick- some school districts can agree to that to promote development and increase the tax base. That is a negotiable point. The school in this case has been figured as receiving the full amount.

Mr. Rath- so this school doesn't need to agree to this?

Dick- the school does need to agree to this because statute requires it. If you do a TIF for more than 10 years the schools have to agree.

Mr. Blake- there is a TIF in the east end of town where the Longaberger Basket is and that is a commercial area and there is a TIF in the north end of town in again a commercial area, I am not familiar with using TIFs in residential areas can you speak to that.

Dick- this is where the Ohio Law of Taxation comes in. Even though it is residential in the sense that people reside there because it is rental property it is deemed commercial.

Mr. Blake- my understanding was that you were originally presenting a zoning change and now you are presenting this possibility of a TIF. What would happen if we just wanted to do the zoning change or if we don't want to do the zoning change then you have another avenue with the TIF situation, is it correct that there are two requests going on here?

Konnie Klema- zoning attorney who stated that she has not been involved in this project particularly but has been involved with Redwood on other locations. We hope that you combine them in your mind. We are aware that some neighbors have issues with our rezoning and concerns about the additional wear and tear it is going to cause on their roads. We thought why not offer the city this kind of TIF where we aren't borrowing in a sense from the city and asking you to pay us back but instead if we get to build these 44 units we will do our part, we will pay for our own infrastructure but why not as an option to the city use our taxing funds when they start coming in as you want on your infrastructure. This way if for some reason we don't do well then you are not out anything. We think this goes along with the zoning request because it is a partnership in a sense.

Mr. Cost- asked how many units are in phase I and how far along they are

John Latevlere- 66, 67, 69 I can't remember the exact number but it is in the high 60's. The certificates of occupancies are either in hand or close to being in hand for building one which means they are ready for occupancies approved safe for residents and the model will be open next week. Buildings 2, 3 and 4 have foundations in the ground and slabs poured. The framing should start in the next week or so.

Mr. Cost- so there is 4 buildings?

John Latevlere- no we have more than that, we have a years' worth of construction. There are a total of 14 buildings in phase I.

Mr. Cost- so phase I is just getting started is there a need or a reason to be jumping right on phase II?

John Latevlere- I think that the answer is yes I would like to do this phase II piece in the 2015 construction season in terms of the roads so we can build the rest of those throughout 2015-2016 into the following summer. We have done leasing projections and if we leased 6 units a month we would be out of units by December so we would like to move forward with phase II construction in the 2015 season provided leasing goes as projected.

Mr. Bubb- is this development asking for specific infrastructure improvements right off the get go?

John Latevlere- no we will finance our entire development. We will work with city staff to make sure everything has capacity for the way it currently is for these 44 units. In fact we aren't making a request at all for expenditure. I am coming to you as a property owner saying this would be a great tool for the City of Newark to use to help support future development of the area. I am also an applicant coming to you asking for the zoning change. In the letter I wrote those items are all items that the city staff identified as outstanding needs that they would like to take care of over the next 5-10 years.

Mr. Rath- from my understanding River Road is slated to be repaved this spring and monies have already been set aside for that am I correct?

Brian Morehead- it is definitely on the list and it is about \$95,000.00 to resurface it. I think that is a simply resurfacing. It is a 1 ½ inches of asphalt on what is existing there. It doesn't include any turn lanes or improvements to berm lanes or ditches. Those additional things are ones that we can hope to improve in the future with additional funding.

Mr. Rath- we have 44 units here but there is an additional 260 units going on just west down the road. When that development begins would they also be contributing to the improvements of River Road in some capacity? From what I understand the surface of River Road isn't the problem so much as it is the base that is all broken down from all of the heavy construction equipment that went over it 15 years ago when all of those houses were being built. So it doesn't need 1 ½ inches of resurfacing as much as it does a new base. I am thinking that if we put a 1 ½ resurfacing on it then have construction traffic on it to build 260 homes that we are going to be right back where we are today.

John Latevlere- this is one of the reasons I had this conversation. One of the options that we talked the city staff about was that each additional unit could pay x dollars then I would only be paying for my proportionate share of what might be necessary to the roads so then the city would have to find a way to fund these improvements or wait for these developments to come forward. That is the reason why I went to this as a solution because it is one way that this project specifically could generate revenues. In year one we would generate what our net quote impact fee would be just for phase one but then each additional year over the next 30 years we could be continuing to pay the impact fee through the taxes that could be put into this fund. The way I was looking at it was this is a mechanism that I could propose that is unique to my project because single family subdivisions aren't able to participate in that. We could help the City of Newark to fund those in advance of their need.

Brian Morehead- because this is different the apartment development that he is proposing is commercial and can be tiffed. The other developments that are proposed on the other land are single family residential it would not be tiffed like this would. What we have done in the past with Park Trails and Park Ridge subdivisions has been to make negotiations with the developers just like John said for x amount of dollars per unit type of contribution to the city but that happens at the time that we plat the subdivision. It is a one-time payment. There is money sitting in an account from Park Trails and Park Ridge subdivisions to make improvements out there but not enough to do all of River Road. I just wanted you to know how it has been done with single family developments in the past.

Mr. Bubb- What is your opinion of the street traffic flow over all if this development were to happen considering the amount of folks that we are talking about?

Brian Morehead- just the apartments?

Mr. Bubb- yes, you mentioned something about turn lanes. Is that something you would do with this TIF or is that something you would wait for down the road?

Brian Morehead- right now the 44 units don't generate enough traffic to require a turn lane but I do think that there are other improvements that are needed out there. It would be nice to widen that roadway, do berm work, improve the ditches related to some water issues and along with that we have discussed issues with the water system out there. Roger has some massive planning going on to make upgrades to the water system and extend additional sanitary sewer out to that area. Those are all things that we would like to do to improve the entire infrastructure out there it is not really just about the roadway.

Mr. Cost- the concerns that some of the area has about this development, with the increased amount of traffic and wear and tear on the roads do you think that the perspective is also increased by the fact that the Cherry Valley Rd exchange is not done and people are using River Road more now. Do you think if Cherry Valley Road was done that it

would make a difference in the resistance or outlook on what is taking place here or do you think it is a factor?

Brian Morehead- we haven't done any origins and destinations studies out there but I would think that there is a fair amount of traffic that cuts through from the Canyon Road area to the Cherry Valley Road and uses River Road to do so. When the interchange is upgraded it may eliminate some of that I don't really know.

Mr. Rath- I think if we could also increase enforcement in that area because a lot of the complaints I get are about commercial trucks using River Road and there are signs out there now that say no through traffic but obviously it is a lack of enforcement as well as a lack of enforcement on speeders which is also a common complaint on River Road.

Brian Morehead- I think we have had discussions about the though trucks on different routes in the city before and I think it might be a discussion with the Law Director but I don't think that is something we can really enforce. The speeding definitely is.

Mr. Rath- I have two main concerns and that is what happens to the Harris Farm which is just west of that property. It is an adjoining property and because it is an adjoining property it is very easily rezoned to multi family dwelling. This additional request for rezoning will have zero effect on that because it is on the east side of the property and the Harris property is on the west side already adjacent to multifamily dwellings. I would hate to see that property go to multi family dwelling and have all apartments in that area. The other is John you and I had a conversation about being a good neighbor in that area and I will be honest with you I am not impressed thus far. The fact that you closed the road which is the only main access for over 300 homes without notice to me is just not acceptable. You guys should have had signs up there at least a week or two in advance. That was not to me being a good neighbor. If it is going to be closed let your neighbor know it. If you are going to close it than you should have people out there working diligently on getting it reopened. I got a lot of calls on that. I also would like to know what you are going to do for Mr. Abdelmessiah, someone told him he would be taken care of because residents in that area drove around the barricade and through his yard.

John Latevlere- I didn't speak to him but I will call our management company and we will take care of it in the spring February isn't a good time to do that work.

Mr. Rath- I realize you aren't going to do it now but I hope that in the spring his yard and or any trees driven over are taken care of and he is well taken care of like he was told he would be.

John Latevlere- this is no excuse but I wasn't even aware of the road closure issue until I spoke to Brian and he told me I had to get it open like tomorrow.

Mr. Rath- I wasn't aware of it either until I got phone calls from people asking why the road was closed and why they weren't told the road was going to be closed.

John Latevlere- again my apologizes to you and everyone in the area. I believe that as soon as it was brought to my attention the road was opened the next day. I wasn't down here and I wasn't watching it happen.

Mr. Rath- but you are the one who promised me that you were going to be a good neighbor

John Latevlere- we discussed construction traffic on River Road from my understanding the construction traffic for our site isn't going to use that portion of River Rd. If I find out they are I will have another conversation with them. When issues have come to my attention they have been taken care of. My understanding is that they coordinated with all of the appropriate agencies but that isn't the nicest thing to do. There should have been put up. This is not how we like to do things. We really do want to be good neighbors.

Mr. Marmie- first comment is that those folks who drove around the barricade through their neighbors' yard shouldn't have done that they weren't good neighbors either. I don't necessarily know that it is this gentleman's fault. Not only that you probably gave proper notice to the folks in the city as well as got permission to close the road so shame on us too. There is one thing that I want to make sure I am clear on, phase I has already taken place, phase II is what they are asking for regarding rezoning and is 44 additional units. Property owner's rights are always something that we look at when we are doing a zoning change. There has to be justification as to why we wouldn't zone it when there is contiguous land that is zoned just the same as what they are asking for. I do understand that there is need for additional infrastructure improvements in that area; there are needs for that all over the city. The zoning issue is one issue and the TIF issue is a whole completely different one. To put it together in a package is something that I don't think we should necessarily do as a Council. I believe that there is still the need for funds from the developer to improve that area just like the residential units that are out there. What this gentleman is asking as far as the TIF is do you want to try to fund additional road improvements for that area at the expense of MRDD, the library and other entities that receive taxes. That is your question that you have to answer as far as the TIF. Is it something that could benefit the city, yes it could with this situation, we can't do it with residential. The other thing is if you look at the studies that we have conducted in the past included in Destiny 20/20 no matter what residential housing increases the cost of us doing business in the City of Newark. It costs us more for residential housing than what we gain in revenue so we have to look at that. Do you want to earmark the money? You are going to gain some from entities that would normally collect it such as MRDD, the library and so on. However we are earmarking it for that area we can't use it in other areas in the city if we increase our tax revenue. That is what you are asking yourself as far as the TIF. Do you want to put it into that area for infrastructure changes at the expense of other tax entities which is a benefit to the City of Newark? We would get more tax money but it is at the expense of somebody else not getting take money. It is not additional tax money as they indicated. There are no additional

taxes that are coming to the city because of that TIF all it is just moving it from one entity to another. The only thing that we limit ourselves to is that it no longer because the administration's ability to manage that money city wide it has to be used for that area so now Brian Morehead has another pot that he can utilize for that area just like he has some funds in there now from Park Trails and Park Ridge but he doesn't have enough to pay for the whole thing. That is why I think that it needs to be thought of as separate. I will tell you I am in support on the zoning change but I am up in the air about the TIF.

Director Rhodes- I would like to again thank Council for allowing Redwood the opportunity to come in and make a presentation on maybe one avenue that they thought of to help resolve some of the issues that are out there. We would not have this opportunity if they had not gone into contract to buy the additional land. If the next 44 units weren't under consideration than we wouldn't be here talking tonight. What I hope to do is to talk to each of you individually over the next month, take another month and work with Redwood Development then hopefully we will come out of Planning Commission with an opinion in the March meeting then it comes back to Council for another public hearing so the residents can come back and put in any input. Ultimately the 10 members on Council will make the decision on the rezoning or not. I heard what Mr. Marmie said and I have heard some of the questions tonight and that is the reason why we wanted to have this additional dialogue. It is not an easy solution either way and there are needs in the area and they are needs that need to be thought about.

2. **Resolution No. 15-14** authorizing and directing the Director of Public Service to advertise for bids and enter into contracts, subject to the appropriation of funds, for various construction projects was considered

Brian Morehead- you have a piece of legislation in front of you that is a standard piece we do every year when we request to go to bid for annual projects. The first project is our annual street maintenance project. That is our resurfacing project that we use our Capital Improvement funds and license plate permissive tax funds. We are in the process of trying to accumulate that right now and I am hoping that within the next month to month and a half to have that list available and out for bids. The second project is the concrete maintenance that is the curb ramps that go along with the streets that are getting resurfaced. We have approximately \$50,000.00 budgeted through the Community Development Department, CDBG funds that we hope to use on that project. The third project is the N 30th St and West Church Street storm sewer and intersection project. The next project is the West Main Street rehabilitation. That is a project that we are going to be fortunate enough to receive Ohio Public Works State Capital Improvement funding on. We are going to receive 400,000.00 of grant and \$250,000.00 of loan money on that. We will

match it with our License Plate Permissive Tax and capital improvement funds. The project will reconstruct the curb lanes and the curb gutter on West Main Street from 21st Street to 34th Street. The lanes will be reconstructed and the entire section of West Main Street will be resurfaced through there. One of the other projects is our annual small drainage projects. Those are projects that we use our storm water utility funding. We have a project that is ready to go right now it is actually a carryover from last year. The four areas that we are planning to make improvements on are Sharon Valley Rd, between Sharon Valley and Moull Street just west of Hamilton there is a drainage problem across Sharon Valley Road at the curb there at Hamilton we think we can take care of. Another drainage problem on Audrey Drive East, about half way up Audrey Drive some residents are having problems with flooding from the land across the street. The third project is on North 10th Street between West Shield and Selby there is a small drainage problem out there that will require some grading and some additional pipe and another inlet there. The fourth one is on Oakwood Ave between Garfield and McKinley Ave. At an alley there are some drainage problems that we can tie into the sewer out there. A small drainage project is about an \$110,000.00. Going backwards the West Main Street rehab project cost is about 1.1 million dollars. West Church Street and 30th just a little background on that, back in 2012-2013 we started a study as you know most of the ODOT projects that we do take three or four years to get through and we had already identified 30th Street and West Church Street intersection for improvements with ODOT money. As we progressed through the design of that project we saw that the storm sewers were inadequate out there so we started another project to start looking at storm sewer improvements. The storm sewer improvements that were needed in that area ended up blossoming into a storm water study. Basically the idea with this project is to move forward, get the deep storm sewer in this construction season in order for the intersection project that widens the pavement, new traffic signals and turn lanes to begin 2016 construction season via an ODOT contract.

There was a map displayed during the meeting and the Buckeye corridor storm sewer study discussed.

Mr. Blake- I want to thank you for bringing this up. Ever since I have been on Council I have had residents around Idlewilde, Wells Ave and Miller state they are flooded. He asked about the timeline for the different phases that were identified by color on the map.

Brian Morehead- I think that when we look at the cost figures the overall cost of this was 20 million dollars. We are taking a 1.8 million dollar bite out of it with the first piece and the real driver of that is the intersection project with ODOT money. We want to take advantage of the ODOT money we have on that. I think that this is probably a 15-20 year project when it is all said and done. The area down there Idlewilde, Wells and Miller is going to depend on some upgrades to the main sewer lines and the funding.

Mr. Rath- on a dead end road coming west off of 30th St, it could be Lawnview, there is a huge sewer drain that has collapsed and goes nowhere and that corner floods really bad.

Brian Morehead- those will be taken care with the 2015 project.

Mr. Cost- you made reference to the intersection improvements at 30th and Church Street can you give us a general overview of what is going to take place there?

Brian Morehead- the city already owns the property on the south west corner of the intersection. There was a house there several years ago that we purchased and torn the house down. We are in the process of acquiring the house on the south east corner of the intersection. So the intersection of 30th Street as you are coming north of Church Street will be widened out, better radiuses to Church Street and there will also be an additional turn lane to allow better turning movements east and west on Church Street and the sidewalks will be replaced.

Motion by Mr. Bubb to pass Resolution 15-14 on to full Council, second by Mr. Rath

Motion passed by a vote of 5-0.

Bill Cost, Jr., Chair