

RECORD OF ORDINANCES
CITY OF UPPER ARLINGTON
STATE OF OHIO

ORDINANCE NO. 3-2021

AMENDING ORDINANCE NOS. 45-2004 (AS AMENDED BY ORDINANCE NO. 74-2017), 125-2007, 89-2008, 90-2008, 104-2009, 88-2010, 89-2010, 38-2012, 41-2015, 80-2015, 81-2015, 24-2018, AND 42-2019 TO SPECIFICALLY DETERMINE THAT THE “PUBLIC INFRASTRUCTURE IMPROVEMENTS” THAT CAN BE FUNDED FROM SERVICE PAYMENTS IN LIEU OF TAXES PAID IN ACCORDANCE WITH SUCH ORDINANCES INCLUDES THE DEVELOPMENT OF A COMMUNITY CENTER AND THAT THE COMMUNITY CENTER WILL DIRECTLY BENEFIT THE PROPERTY DESCRIBED IN SUCH ORDINANCES

WHEREAS, the City Council (the “Council”) for the City of Upper Arlington, Ohio (the “City”) has previously passed Ordinance Nos. 45-2004 (as amended by Ordinance No. 74-2017), 125-2007, 89-2008, 90-2008, 104-2009, 88-2010, 89-2010, 38-2012, 41-2015, 80-2015, 81-2015, 24-2018, and 42-2019 (the “Prior Ordinances”) on April 12, 2004 (amended on December 11, 2017), December 10, 2007, December 8, 2008, December 8, 2008, November 23, 2009, November 22, 2010, November 22, 2010, June 25, 2012, June 8, 2015, December 14, 2015, December 14, 2015, April 9, 2018, and June 17, 2019, respectively, implementing tax increment financing (“TIF”) programs for certain real property described in such Prior Ordinances by (A) declaring the improvement of such real property to be a public purpose pursuant to Ohio Revised Code Section 5709.40, (B) declaring the improvement of such real property to be exempt from real property taxation for the period specified in such Prior Ordinances, and (C) designating public infrastructure improvements to be made that will directly benefit such real property; will benefit the City and its residents by creating jobs, enlarging the property tax base, enhancing income tax revenues and stimulating collateral development in the City; and

WHEREAS, the City has determined to submit to the electors of the City the question of financing and constructing a new community center (the “Community Center”) for fitness, recreation, community gathering, cultural events, and group activities for seniors, families, youth, and others on the site of the old Lazarus/Macy’s store at Kingsdale Shopping Center (the “Advisory Election”); and

WHEREAS, if the majority of the electors vote in favor of the Community Center, the City would like to be able to allocate service payments in lieu of taxes (“Service Payments”) received pursuant to the Prior Ordinances to the costs of the Community Center; and

WHEREAS, in order to provide for the allocation of the Service Payments as described above, this Council has determined that it is necessary to amend the Prior Ordinances;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Upper Arlington, Ohio, that:

SECTION 1. Amendment of Prior Ordinances. This Council hereby finds and determines that the “public infrastructure improvements” described in the Prior Ordinances as directly benefitting the real property described in such Prior Ordinances include the Community Center. The Prior Ordinances are hereby amended to include the Community Center in the definition of such public infrastructure improvements.

SECTION 2. Notification of Adoption. The Finance Director is hereby directed to deliver, not later than fifteen (15) days after the effective date of this Ordinance, a copy thereof to the Director of the Ohio Development Services Agency.

SECTION 3. Further Authorizations. The City Manager, Finance Director, and the City Attorney are hereby authorized to take all actions, including the execution of all documents or amendments, necessary to implement this Ordinance and not substantially inconsistent with this Ordinance.

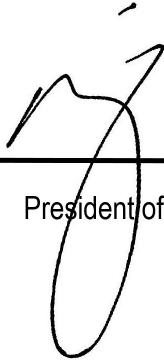
SECTION 4. Effect on Prior Ordinances. Except as amended hereby, the Prior Ordinances shall remain in force and effect as originally passed. This ordinance on its passage shall become a part of each of the Prior Ordinances, and all references to the authorization of the respective TIF exemptions in such Prior Ordinances shall include reference to this ordinance as well as the Prior Ordinances, as applicable.

SECTION 5. Open Meeting. It is hereby found and determined 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 and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Ohio Revised Code Section 121.22.

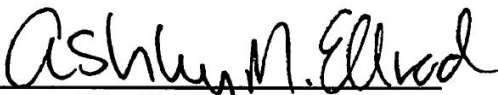
SECTION 6.

In accordance with the Charter of the City and the Rules of Council approved in accordance therewith, this Ordinance shall take effect and be in force only upon, and from and immediately after, the approval by a majority of the electors of the City of the financing and construction of the Community Center in accordance with Resolution No. 1-2021.

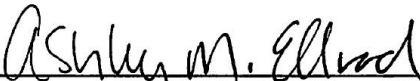
PASSED: January 19, 2021



President of Council

ATTEST: 
City Clerk

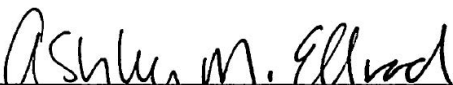
I, Ashley Ellrod, City Clerk of Upper Arlington, Ohio, do hereby certify that the above is a true and correct copy.



City Clerk of the City of Upper Arlington

CERTIFICATE OF POSTING

I, Ashley Ellrod, City Clerk of the City of Upper Arlington, Ohio, do hereby certify that publication of the foregoing was made by posting a true copy of Ordinance No. 3-2021 at the most public place in said corporation as determined by the Council, the Municipal Building, 3600 Tremont Road, for a period of ten (10) days commencing January 20, 2021.



City Clerk of the City of Upper Arlington

Vote Slip

Date Introduced: January 11, 2021
Reading Date(s): January 11, 2021: January 19, 2021
Voting Aye: Burriss, Close, Greenhill
Hoyle, Kulewicz, Lynch, King
Voting Nay:
Abstain:
Absent:
Date of Passage: January 19, 2021
City Council Conference Session/Council Discussion/Other Review: January 19, 2021
Other: Effective Upon Passage



To: The Honorable Brendan King, and
Members of Upper Arlington City Council

From: Steven R. Schoeny, City Manager

Prepared for Meeting Dated: January 11, 2021

**Subject: Proposed Upper Arlington Community Center Ballot Issue and
Associated Legislation**

Action Requested: Passage

Master Plan Objective: **Community Facilities & Services**
Community Facilities Goal: Maintain and develop community facilities that meet the population's health, recreation, social, cultural and other needs. Ensure that community facilities are safe, attractive, well-maintained and accessible to all ages.

Executive Summary

At a Special City Council Meeting held December 16, 2020, the Community Center Feasibility Task Force (CCFTF) presented a summary of their extensive study process, sharing details of their findings and the resulting Resolution of Support for the Feasibility of a Community Center for the City of Upper Arlington (attached) that had been unanimously adopted by the Task Force on December 9, 2020. At tonight's Special City Council Meeting, and as Council receives the entire CCFTF report, various pieces of legislation have been drafted for Council's consideration that prepare to bring the proposed Upper Arlington Community Center issue to a vote of the people and lay the groundwork for instituting the necessary funding mechanisms that would enable the City to construct a Community Center without any increase in City income or property taxes. These items are before you at one time to provide clarity to residents on the proposed funding structure for a Community Center as they consider the merits of the ballot issue.

Under Council's rules, each of these pieces of legislation are eligible for a single reading becoming effective upon passage. However, due to the special importance of the Community Center question, this legislation will be presented for two readings with Council Action scheduled for January 19, 2021. Additionally, two of the three ordinances presented here do not become effective unless and until voters approve the question presented on the ballot on May 4, 2021 as authorized in Resolution 1, 2021.



Resolution 1, 2021

Community Center Ballot Issue

Resolution 1, 2021 provides for submission to the electors of the City of Upper Arlington at a Special Election to be held on May 4, 2021, the question of whether they would be for or against the City constructing a new Community Center on the site of the old Lazarus/Macy's store at the Kingsdale Shopping Center. This Resolution will be effective upon passage, so that it can be certified to the Franklin County Board of Elections before the February 3, 2021 deadline for the May 4 Special Election.

Ordinance 1, 2021

Establishment of Kingsdale Center Tax Increment Financing (TIF) District

Ordinance 1-2021 grants the authority to establish the **Kingsdale Center TIF** and authorizes the City Manager to enter into a compensation agreement with the Upper Arlington City School District.

On November 30, 2020 City Council adopted Ordinance No. 69-2020 authorizing the City Manager to enter into a Development Agreement with Continental Real Estate, Inc. to facilitate the redevelopment of Parcel No. 070-004527 located at 3180 Kingsdale Center for commercial purposes, including office, retail, housing and related uses. The Development Agreement provides for the construction of certain public infrastructure improvements that are necessary and will directly benefit the site. In order to pay for these public infrastructure improvements, the City deems it necessary to establish a 100% TIF for a period of 30 years. This essentially means that the City will receive 100% property tax revenues (called "service payments" or "payments in lieu of taxes" when involved with a TIF) generated from the increased incremental value of the site. This includes the amounts that are typically allocated to the City, Schools, Library, County, etc.

In order to move forward with a TIF of this size and nature, the City needed approval from the Upper Arlington City School District. On December 8, 2020, the Board of Education of the Upper Arlington City School District adopted a Kingsdale Project Resolution waiving the notice requirements under the TIF Act and Ohio Revised Code Section 5709.83 and approving the TIF Exemption on the condition that the City and the School District enter into a Compensation Agreement.

The compensation agreement lays out scenarios based on a Community Center being built and a Community Center not being built. If a Community Center is built, the City will retain 100% of the TIF service payments and compensate the school district via various methods including: annually paying the School District an amount equal to the 2019 school district property tax collections (\$123,759.99), transferring the site of the current Senior Center to the School District with existing buildings demolished and the parking lot resurfaced, and providing additional annual payments of \$50,000 per year through December 31, 2037. If a Community Center is not built, the School District will be compensated for 50% of their share of the TIF service payments and the previously mentioned terms fall off (payments and transfer of property). In both scenarios, the City has agreed to pay for additional on-street parking on Brandon Road associated with the new high school.



This ordinance is not contingent upon the ballot initiative. However, as noted above, the legislation includes different disbursement schedules depending on whether or not the Community Center moves forward.

Ordinance 3, 2021

Amendment of Prior Ordinances Establishing Tax Increment Financing (TIF) Districts

In order to potentially use the excess payments in lieu of taxes generated from the City’s current TIF Districts for costs associated with a prospective Community Center, we believe that it is advisable for City Council to amend the following existing ordinances to include Community Center in the definition of “public infrastructure improvements:”

<u>TIF Name</u>	<u>Ordinance No.</u>	<u>Date of Passage</u>
Horizons	45-2004	4/12/2004
<i>Amendment</i>	74-2017	12/11/2017
Kingsdale West	125-2007	12/10/2007
Lane Avenue	89-2008	12/8/2008
Arlington Crossing	90-2008	12/8/2008
Kingsdale Core	104-2009	11/23/2009
Riverside South (Scioto CC)	89-2010	11/22/2010
Riverside North	88-2010	11/22/2010
Lane Avenue Mixed Use	38-2012	6/25/2012
OSU Wexner (Zollinger)	41-2015	6/8/2015
Arlington Centre (CAPS)	80-2015	12/14/2015
Tremont Rd (Ohio Health)	81-2015	12/14/2015
West Lane-Northwest (Heartland Bank)	24-2018	4/9/2018
Lane II	42-2019	6/17/2019

Given that a prospective Community Center would likely benefit the entire City, and in an effort to have uniformity in the definitions used throughout the City’s TIF Districts, Staff recommends that all of the City’s active TIF ordinances be amended at this time. Though several of these existing TIFs have current commitments and/or limited excess TIF proceeds, the proposed amendment creates greater flexibility in the use of funds should excess funds become available. The use of these payments in lieu of taxes would be subject to the approval of City Council through the normal budget process.

Ordinance 2, 2021

Issuance of Bonds

Ordinance 2, 2021 authorizes the City to issue income tax revenue bonds in an amount not to exceed \$55 million, for the purposes of constructing an Upper Arlington Community Center, effective upon successful passage of the Upper Arlington Community Center ballot issue.

The \$55 million is a maximum issuance amount and does not necessarily represent the actual amount that will be needed and/or issued for the construction of a Community Center. This maximum amount provides the City with flexibility in the case of increased construction costs, market fluctuations, structuring issues,

etc. As we await the results of the May ballot issue and as plans continue to develop, the actual issuance amount that is needed will become more evident.

Though the bonds will be issued as income tax revenue bonds (the security), the City expects that the bonds will be paid through various sources, including TIF service payments, other current revenue sources (i.e. hotel/motel tax), and other revenue sources generated from the new development in and around the Community Center site.



UPPER ARLINGTON COMMUNITY CENTER FEASIBILITY TASK FORCE

RESOLUTION OF SUPPORT FOR THE FEASIBILITY OF A COMMUNITY CENTER FOR THE CITY OF UPPER ARLINGTON.

WHEREAS, in July of 2019, Upper Arlington City Council formed the Community Center Feasibility Task Force (CCFTF), which was comprised of 16 residents, to ask if the community wants and needs a community center and, if the answers were “yes,” to determine what facilities and programming should be included, explore possible locations and identify appropriate funding strategies; and

WHEREAS, with the professional guidance of a consultant team led by Williams Architects and support from City Staff, the CCFTF undertook an extensive, 18-month feasibility study process that included the following key elements to fulfill its charge from City Council:

1. A review of the history of previous efforts to develop a community center;
2. A review of the findings and recommendations of the 2018 Parks & Recreation Comprehensive Plan;
3. A review of existing facilities and programs, including options for the replacement of the Senior Center;
4. The identification of possible locations for a community center;
5. A review of the facilities and operations of indoor recreation/community gathering centers in other communities;
6. An examination of prospective cost scenarios, including possible amenities and associated costs; public/private partnerships and funding strategies for capital/operating costs;
7. A robust community engagement process at all stages of the study;
8. Based on the findings of the feasibility study, development of a recommendation to City Council on whether and how to proceed with the consideration of a community center for Upper Arlington; and

WHEREAS, the Community Engagement Subcommittee developed and oversaw an extensive community engagement process that included two statistically valid surveys totaling 932 participants conducted in March and November, 2020, an online survey with 1,609 participants, community pop up events that reached more than 460 residents, stakeholder interviews and focus groups, and multiple public community meetings; and

WHEREAS, Community awareness of the CCFTF study process was very high (70.5% from the November statistically valid survey); and

WHEREAS, support for a community center if funded without a tax increase was 79% and 74.8% respectively in the Phase I and Phase II statistically valid surveys (see Appendix A March and November surveys); and

WHEREAS, the second statistically valid survey demonstrated strong support for including Senior Center programming and facilities as part of a community center (69.6%); and

WHEREAS, in the Phase I statistically valid survey, the top activities households would use are:

1. Exercise & Fitness (80%)
2. Classes (67%)
3. Aquatics (62%)
4. Drop-in Activities (50%)
5. Lifelong Learning Classes (48%)
6. Senior Activities (37%); and

WHEREAS, in the Phase I statistically valid survey, the top features households would use are:

1. Weight Room/Cardio
2. Walking/Running Track
3. Aerobics/Dance
4. Aquatic Programming
5. Senior Programming; and

WHEREAS, in the March survey, 70.1% of residents believed that a community center should be geographically located as close to the middle of our community as possible; and

WHEREAS, the 2018 Parks and Recreation Comprehensive Plan documented that existing park land should be preserved since the City currently only offers 5.10 acres per 1,000 residents; and

WHEREAS, the Task Force, led by the Facilities Subcommittee, evaluated 14 sites across Upper Arlington and narrowed that list to two finalist sites through a rigorous scoring and qualitative evaluation process that considered factors such as site control, preservation of green space, centrality of location, access to alternate means of transportation and the ability to provide for creative financing. The two finalist sites were the Municipal Services Center and the former Macy's site at Kingsdale; and

WHEREAS, the former Macy's site at Kingsdale is centrally located and is accessible via pedestrian, bike or mass transit, and the roadway network is conducive for vehicular access; and

WHEREAS, development of a community center as part of the Kingsdale Mixed-Use Project would create an unparalleled level of synergy between and among the adjacent shops and restaurants, office and professional medical uses and residences; and

WHEREAS, a community center building at Kingsdale would cost approximately \$28,000,000 less to construct than an alternate option at the Municipal Services Center; and

WHEREAS, the former Macy's site at Kingsdale was the preferred location in the Phase II statistically valid survey (75%); and

WHEREAS, in the Phase II survey, respondent support for including office space to offset operating and maintenance costs was 68.3%; and

WHEREAS, the CCFTF will provide City Council with a report documenting all of the data and analysis behind these findings and recommendations in January 2021;

NOW, THEREFORE, BE IT RESOLVED by the Community Center Feasibility Task Force that it finds and recommends the following:

SECTION 1. It is feasible for the City of Upper Arlington to construct, operate and maintain a community center to serve the residents of Upper Arlington.

SECTION 2. The proposed community center should include program space for seniors, thereby replacing the current Senior Center on Ridgeview Road.

SECTION 3. The proposed facility should be more than just a recreational facility and should serve as a central gathering place for the whole community.

SECTION 4. The Kingsdale site is the preferred location for a community center.

SECTION 5. The total construction budget should be approximately \$54 million.

SECTION 6. In light of the current and projected availability of other funding sources, it is recommended that no increase in property taxes be pursued to fund construction costs, provided that Tax Increment Financing (TIF) funds are available, including but not limited to approximately \$17 million generated by the Kingsdale Mixed-Use Project on the balance of the former Macy's site.

SECTION 7. Leveraging TIF proceeds, community center office lease revenues and hotel/motel tax to pay off the debt for a community center appears to be an appropriate use of these ongoing funding streams.

SECTION 8. Utilizing existing excess City funds (reserves in excess of the 30% operating expenses threshold recommended by City Council) for capital funding would be appropriate, as long as it does not negatively impact other City services, including other capital improvement projects.

SECTION 9. Philanthropic dollars should be pursued to leverage debt proceeds, with a goal of 10% of total capital costs for a community center.

- SECTION 10.** The operations and facility maintenance of the current Senior Center should discontinue as soon as a community center has been constructed, and funding for this facility should be redirected to the community center.
- SECTION 11.** A business model should be pursued that is based on competitive and market rate membership fees and programming of spaces to meet cost recovery goals.
- SECTION 12.** The City should aggressively pursue a cost recovery model of not less than 85% of total community center operating expenditures.
- SECTION 13.** It is appropriate that the City's historical operating funding (approximately \$500,000 per annum) over and above revenue collected for recreation services remain as an investment in community services. Recreation services are components of the Parks & Recreation Department that provide programs in the community center, parks and other community locations. The operations of a community center would not negatively impact City services.
- SECTION 14.** The community center pro forma should include significant annual contributions to a fund for future capital expenditures such as maintenance and equipment replacement.
- SECTION 15.** Participation fee levels should be tiered, with a particular emphasis on options to accommodate senior residents.
- SECTION 16.** The operating budget for a community center should include a scholarship fund utilizing a dedicated annual line item of not less than 2% of membership revenue to assist residents facing financial barriers to participation.
- SECTION 17.** While the Task Force did not review financial modeling related to the leasing of City owned adjacent office space, the site appears to be an attractive amenity rich location and the City should work to ensure that third party market studies support underwritten office lease rates and make best efforts to secure office tenants prior to construction commencement.
- SECTION 18.** Partnerships to enhance program offerings and operations funding are encouraged.

ADOPTED: December 9, 2020

Marjory Pizzuti

Chairperson

Paul Foster

Chairperson

ATTEST: *Ashley Elrod*
City Clerk

Vote Slip

Date Introduced: December 9, 2020

Voting Aye: Albrecht, Boggs-Lape, Bowe, Brongers-Marrero, Comfort, Gomez, Hamilton, Lashutka, Manofsky, Mauger, Moulakis, Perera, Pizzuti, Rule, Walter, and Westbrook

Voting Nay: None

Abstaining: None

Date of Passage: December 9, 2020

APPENDIX

Note: Preliminary Building Program, Building Massing and Stacking, and Preliminary Order of Magnitude Construction Budget Information are shown below to demonstrate the assumptions and initial recommendations of the CCFTF regarding the feasibility of a community center. All areas and cost estimates listed are preliminary and approximate and would be subject to change during the design development process.

Preliminary Building Program:

Athletics (gyms, walking/running track, storage).....	±33,800 sf
Aquatics (plunge pool, lap pool, activity pool, lockers).....	±12,000 sf
Fitness.....	±12,500 sf
Seniors, Multi Use.....	±15,500 sf
Child Care, Indoor Play, Teen.....	±4,000 sf
Facility, Common Space, Circulation.....	±17,500 sf
Total Building Area.....	±95,300 sf

Building Massing and Stacking:

5-story building at 95,000+/- sf with an additional 10,000+/- sf of potential partner space (possible future expansion) and an additional 2 stories of office space (50,000+/- sf) comprising the 6th and 7th floor of the building.

1 st Floor.....	Entry, pools and some under-structure parking
2 nd Floor.....	Fitness, group X space, etc.
3 rd & 4 th Floors.....	Three gyms, lockers, game room, adventure play area, running track.
5 th Floor.....	Dedicated senior space, event space, meeting rooms, demonstration kitchen, large outdoor terrace for multiple programming opportunities. The potential partner space is also included on the 5 th floor.

Preliminary Order of Magnitude Construction Budget:

Note: All budget numbers are tentative estimates based preliminary order of magnitude assumptions.

Building Area.....	approximately 95,300 SF
Total Hard Construction Costs.....	\$37,776,700
Professional Service Fees.....	\$4,385,900
Furnishings, Equipment, etc.....	\$1,754,400
Design and Construction Contingency.....	\$6,520,800
Total Project Budget.....	\$50,437,800

Escalation.....	\$3,782,835 (2.5 years at 3% per year)
Total Project Budget with Escalation.....	\$54,220,635

Estimate does not include the cost of the ±50,000 SF office space and the ±10,000 SF of partner space.