

Office of the City Manager

MEMORANDUM

TO: City Council

FROM: Matt Greeson, City Manager Mtt

DATE: January 22, 2019

SUBJECT: EXPLORATORY WORKING PAPER – COST TO SERVE ANALYSIS FOR THE UMCH PROPERTY

In 2018, City Council asked the staff to evaluate the cost to provide City services to the UMCH property under various redevelopment scenarios. Five scenarios were drafted – three of which were hypothetical scenarios developed by staff, an additional hypothetical scenario was based on the white paper issued by WARD in January 2018, and the fifth scenario was based on the 2015/2016 proposal from Lifestyle Communities. Based on City Council feedback, the fifth scenario was eliminated from the analysis.

Attached is an exploratory working paper that evaluates the cost to provide City services and the revenue that is projected to be collected under the four scenarios. At this point, the evaluation does not include the cost to acquire and/or develop the parkland proposed under each scenario. The evaluation also does not include the cost to acquire any other part of the site for other purposes.

There are limitations to this analysis since it is based on hypothetical scenarios without concrete details. This analysis is an evaluation of the incremental cost to provide services, not a full allocation of the cost of City services. There are many assumptions made the in report. A change in the assumptions would impact the results of the evaluation. For these reasons, I believe this paper should be used for purposes of general knowledge, however I caution against expectations that the information will prove exactly accurate when an actual redevelopment occurs. It is unlikely an actual redevelopment will match the hypothetical details in any of the scenarios.

Assistant City Manager Robyn Stewart managed the development of this exploratory working paper. Please let me or her know if you have questions or would like additional information about the paper.

Exploratory Working Paper

Evaluation of the Cost to Serve the UMCH Property Under Various Hypothetical Development Scenarios

January 22, 2019

INTRODUCTION

City staff were asked by City Council to evaluate the cost to provide City services to a redeveloped UMCH property along with the revenue that would be received by the City from the property. Staff were asked to consider a variety of scenarios to give insight into the impact of various types of land use. Staff originally developed five hypothetical scenarios. The first three scenarios were developed by staff to evaluate the impact of various mixes of land uses on the site. The fourth scenario is intended to align with the proposal generally described by the Worthington Alliance for Responsible Development (WARD) in a white paper issued in January 2018. A fifth scenario reflected the proposal by Lifestyle Communities in 2015 and 2016. The five scenarios were shared with City Council to gather input on the various options presented in the scenarios. Based on City Council feedback, the fifth scenario was eliminated from the analysis since it did not have City Council or community support, thus it was deemed not worth the staff time to evaluate it.

The four scenarios presented in this evaluation are hypothetical and as a result, do not have much specificity or many details associated with them. Staff needed to decide a number of assumptions for each scenario in order to project expenses and revenue. The assumptions are detailed for each scenario in this report. Arguments can be made to change the assumptions and those changes would likely impact the amounts included in this report.

This is not a proportional allocation of the City's cost to provide services, rather it simply evaluates each service area and determines whether there would be additional costs (e.g. additional staff, contract services, supplies) required to serve the development. These costs are very rough estimates and were developed by each department based on their sense of how their service areas would be impacted, utilizing the assumptions that were made. **The cost to serve the various scenarios does not include the cost to acquire and develop the park component.** The costs are based more on intuition than a thorough analysis and breakdown of all the costs associated with each service and how much should be allocated to each land use type. The cost to serve and revenue generated from an actual re-development of the site will likely differ from the amounts reflected in this working paper since it is unlikely any of the hypothetical scenarios will exactly match the actual re-development.

SCENARIOS

Scenario 1: Primarily Park & Office

Park – 15 acres Office – 15 acres - 300,000 sf Residential (multi-family) – 3 acres at 20 units/acre – 60 units Residential (single family) – 2 acres at 3 units/acre – 6 houses Retail – 2 acres – 20,000 sf

Under Scenario 1, the park land is 15 acres, comprised of a multi-use trail and a three-season building with restrooms and a natural play area. The office space covers 15 acres with three stories in height, multiple tenants and a mix of employment types. The office space and retail space would likely need to include some structured parking. The single-family residential lots are anticipated to be a total of two acres with frontage on Longfellow Avenue. The multi-family housing would be a total of three acres, at a density of about 20 units per acre, which would result in about 60 units, served by private roadways. The retail use would cover about two acres and is anticipated to be about 20,000 square feet of space.

Wesley Boulevard is anticipated to be converted to a public street, driven by the need to serve the park. Private roadways to serve the office, retail and/or multi-family residential may connect to Wesley Boulevard. Public utilities are expected along the public and private streets. Based on these assumptions, the following infrastructure would be involved in this scenario:

700 LF
5,000 LF
5,700 LF
5,700 LF
5,700 LF

Scenario 2: Blend of Office, Park & Residential

Park – 10 acres Office – 15 acres – 300,000 sf Residential (multi-family) – 5 acres at 20 units/acre – 100 units Residential (empty nester) – 3 acres at 6 units/acre – 18 units Residential (single family) – 2 acres at 3 units/acre – 6 houses Retail – 2 acres – 20,000 sf Under Scenario 2, the park land is 10 acres comprised of a multi-use trail and a three-season building with restrooms. The office space covers 15 acres with three stories in height, multiple tenants and a mix of employment types. The office space and retail space would likely need to include some structured parking. The single-family residential lots are anticipated to be a total of two acres with frontage on Longfellow Avenue. The multi-family housing would be a total of five acres, at a density of 20 units per acre, which would result in about 100 units, served by private roadways. The empty nester residential housing would be a total of three acres at a density of about six units per acre, which would result in about 18 units, served by private roadways. The retail use would cover about two acres and is anticipated to be about 20,000 square feet of space.

Wesley Boulevard is anticipated to be converted to a public street, driven by the need to serve the park. Private roadways to serve the office, retail and/or multi-family residential may connect to Wesley Boulevard. Public utilities are expected along the public and private streets. Based on these assumptions, the following infrastructure would be involved in this scenario:

Total Public Roadway	700 LF
Total Private Roadway	4,000 LF
Public Sanitary Sewer	4,700 LF
Public Water Service	4,700 LF
Public Storm Sewer	4,700 LF

Scenario 3: Primarily Office

Park – 8 acres Office – 20 acres – 400,000 sf Residential (multi-family) – 5 acres at 20 units/acre – 100 units Residential (single family) – 2 acres at 3 units/acre – 6 houses Retail – 2 acres – 20,000 sf

Under Scenario 3, the park land is eight acres and comprised of a three-season building with restrooms and a multi-use trail. The office space covers 20 acres and is anticipated to be three or four stories in height with multiple tenants and a mix of employment types. The office space and retail space would likely need to include some structured parking, though some surface parking may be warranted. The single-family residential lots are anticipated to be a total of two acres with frontage on Longfellow Avenue. The multi-family housing would be five acres, at a density of 20 units per acre, which would result in about 100 units, served by private roadways.

The retail use would cover about two acres and is anticipated to be about 20,000 square feet of space.

Wesley Boulevard is anticipated to be converted to a public street, driven by the need to serve the park. Private roadways to serve the office, retail and/or multi-family residential may connect to Wesley Boulevard. Public utilities are expected along the public and private streets. Based on these assumptions, the following infrastructure would be involved in this scenario:

Total Public Roadway	700 LF
Total Private Roadway	3,000 LF
Public Sanitary Sewer	3,700 LF
Public Water Service	3,700 LF
Public Storm Sewer	3,700 LF

Scenario 4: Primarily Park (WARD Proposal)

Park – 25.5 acres Office – 6.5 acres – 130,000 sf Residential (empty nester) – 3 acres at 6 units/acre – 18 units Residential (single family) – 2 acres at 3 units/acre – 6 houses

Under Scenario 4, the park land is 25.5 acres and comprised of a multi-use trail, a three-season building with restrooms and a splash pad/ice rink. The office space covers six and a half acres and is anticipated to be three stories in height with one to three tenants and a mix of employment types. The office space and retail space would have surface, not structured, parking. The single-family residential lots are anticipated to be a total of two acres and front on Longfellow Avenue. The empty nester housing would total three acres at a density of six units per acre, thus total 18 units, served by private roadways. There is no multi-family residential or retail in this scenario.

Wesley Boulevard is anticipated to be converted to a public street, driven by the need to serve the park. Private roadways to serve the office and/or empty nester housing may connect to Wesley Boulevard. Public utilities are expected along the public and private streets. Based on these assumptions, the following infrastructure would be involved in this scenario:

Total Public Roadway	700 LF
Total Private Roadway	2,000 LF
Public Sanitary Sewer	2,700 LF
Public Water Service	2,700 LF
Public Storm Sewer	2,700 LF

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Park	15 acres Trail, 3-season building, play area	10 acres Trail, 3-season building	8 acres Trail, 3-season building	25.5 acres Trail, 3-season building, splash pad/ice rink
Office	15 acres 300,000 sf	15 acres 300,000 sf	20 acres 400,000 sf	6.5 acres 130,000 sf
Residential: Multi- Family	3 acres 60 units	5 acres 100 units	5 acres 100 units	
Residential: Empty Nester		3 acres 18 units		3 acres 18 units
Residential: Single- Family	2 acres 6 houses	2 acres 6 houses	2 acres 6 houses	2 acres 6 houses
Retail	2 acres 20,000 sf	2 acres 20,000 sf	2 acres 20,000 sf	
Structured Parking	Yes 900 spaces	Yes 900 spaces	Yes 1,200 spaces	No
Public Roadway	700 LF	700 LF	700 LF	700 LF
Private Roadway	5,000 LF	4,000 LF	3,000 LF	2,000 LF
Public Sanitary Sewer	5,700 LF	4,700 LF	3,700 LF	2,700 LF
Public Water	5,700 LF	4,700 LF	3,700 LF	2,700 LF
Public Storm Sewer	5,700 LF	4,700 LF	3,700 LF	2,700 LF

Summary of Scenarios with Assumptions

PROJECTED EXPENDITURES

This section includes projections for additional expenditures associated with the City services that would be provided to any new development on the site. As was stated in the introduction, this is not a proportional allocation of the City's cost to provide services, rather it simply evaluates each service area and determines whether there would be additional costs (e.g. additional staff, contract services, supplies) required to serve the development. These costs are

very rough estimates and were developed by each department based on their sense of how their service areas would be impacted. They're based more on intuition than a thorough analysis and breakdown of all the costs associated with each service and how much should be allocated to each land use type. If a more thorough analysis that results in more accurate numbers is desired, the City should consider a contract with a consultant with expertise in this area. The cost of such consulting services is anticipated to be in the range of \$35,000 - \$50,000 and would likely take about four months to complete.

There are two types of expenditures related to new development. One type is associated with the initial development. These typically involve plan review and inspection during construction. The costs are incurred over a relatively short timeframe and do not carry forward after construction is completed. **These one-time costs do not include costs associated with land acquisition and development of park space.** The second type are costs incurred long term to provide ongoing services. Examples of this type of expenditures relate to police and fire protection, emergency medical response, trash collection and infrastructure maintenance.

In this section, expenditures are evaluated department by department. Some departments do not anticipate the need for additional funding; the additional service area would simply be absorbed into their current service provision. Longer turn-around times may occur but are not anticipated to be at the level that require additional financial resources. These areas are noted in this section.

Some impacts are the same across all of the scenarios and they will be described first. Additional impacts associated with each individual scenario will be described following the universal impacts section. The scenario-specific impacts will primarily affect Fire & EMS, Planning & Building, Parks Maintenance activities and the Service & Engineering Department.

Projected Service Impacts Across All Scenarios (Universal Impacts)

Fire & EMS: In the Fire & EMS Division, redevelopment of the site will have the most impact on fire prevention activities which are primarily focused on inspection of commercial buildings. There is one person dedicated full time to these activities and he is kept very busy with the current number of commercial buildings. Staffing for this function was reduced several years ago during the recession, resulting in a lack of excess capacity for fire prevention activities. The Division has asked for additional personnel in either a full-time or part-time capacity to assist with fire prevention activities, but such request has not been able to be funded to date. The addition of commercial space under each of these scenarios is expected to place even greater strain on the prevention function. Some of the scenarios have sufficient new commercial space to result in the need to add a part-time fire prevention position for 20 hours per week.

The new land uses are anticipated to impact the emergency response activities of this division, although those impacts are not easy to quantify. The Division responds to a high volume of calls currently, particularly in the emergency medical area. This volume is expected to increase with the planned construction of the Kemper House memory care facility in Worthington and a new assisted living facility in Sharon Township as both of these types of facilities traditionally result in higher than average calls for emergency medical support. The addition of more new development at the UMCH site would be expected to increase demand also, although perhaps at a slower rate than if any of the scenarios involved senior living, especially targeted for those who struggle to live independently. The specific impacts of development at the UMCH site are difficult to quantify, thus this report does not note any specific increases in the cost for fire and EMS response. The situation is influenced by the automatic aid arrangement between the City of Worthington and the City of Columbus in which the closest unit responds to the emergency. This results in Columbus responding to emergencies in Worthington and vice versa. If Worthington is already tied up on emergency runs, then Columbus units respond.

- General Government: General Government consists of the administrative support areas of City Council, City Clerk, City Manager's Office, Communications, Personnel, Finance, Law, Information Technology, and Economic Development. Redevelopment of the site, regardless of scenario, is not anticipated to noticeably impact these areas and can be absorbed within the current resources allocated in this area.
- Mayor's CourtMayor's Court activity is driven primarily by traffic and parking
violations and occasionally other violations of City Code provisions
such as property maintenance concerns. Redevelopment of this site is
not anticipated to impact Mayor's Court in any noticeable way.
- Parks & Recreation:Staff does not anticipate any noticeable impacts at the Community
Center and Griswold Center. Additional users of the Community
Center and Griswold Center that result from this redevelopment are

anticipated to be able to be absorbed by these facilities and their programs.

The Parks Maintenance Division is expected to feel the impact of any additional park space. The larger and more developed the park space, the greater the impact. The Parks staff have already absorbed new parkland in recent years without additional staff or funding. Any excess capacity that may have previously existed has already been absorbed.

Planning & Building: The primary impact to the Department of Planning & Building of any development scenario will be during the planning, design and construction phases as the developer applies for architectural approval and building permits and during construction when the City will have inspection responsibilities. Since Worthington is a small, mostly builtout community, this Department has a small number of staff members. Staff time and expertise will need to be supplemented by consultants in the areas of traffic engineering, stormwater review and streetscaping requirements. The amount of time needed for review is similar across the four scenarios. Staff anticipates an additional \$15,000 per year will be required for this consulting assistance for an estimated threeyear period during the application review stage. Staff does not anticipate a need for consulting assistance in the building permit area, however timelines for review of all building projects can be expected to get longer during heavy review times for this development.

Police: Redevelopment of this site is not anticipated to result in additional expenditures in the Police Division. Depending on the specific type of businesses, retail establishments and residential development, there may be more police responses, which could impact responses times to other calls, however they are not anticipated to rise to the level of needing more officers.

Service & Engineering: The Service & Engineering Department will have impacts during the planning, design and construction phases of each of the scenarios, primarily related to stormwater analysis and site engineering estimated at \$70,000. For each of the scenarios, Wesley Boulevard is converted to a public street which is anticipated to involve a complete re-build of the street with sidewalks and curb ramps. The estimated cost for this street work is \$275,000, which is expected to be paid by the developer.

The City would have consultant costs associated with review of the plans and inspection during construction. Those costs are estimated at \$40,000.

One-Time:	Planning & Building Consulting Fees	\$45,000
	Stormwater & Site Engineering Consulting Fees	70,000
	Wesley Blvd. Plan Review & Inspection	40,000
		\$155,000

Scenario 1: Primarily Park & Office - Expenditures

Fire & EMS: The addition of commercial space under this scenario is expected to result in the need to add a part-time fire prevention position for 20 hours per week. The cost of this part-time prevention person is estimated at \$32,000.

Parks & Recreation: The addition of 15 acres of park land is anticipated to impact the parks maintenance activities. The Parks staff have already absorbed new parkland in recent years without additional staff or funding. Any excess capacity that may have previously existed has already been absorbed. The additional park acreage in this scenario and the associated uses identified for the park would result in the need to hire an additional staff member assigned to parks maintenance. The estimated annual cost for a top step Parks Maintenance Technician is \$107,000.

> In addition to the staffing impact, the Department is expected to need additional supplies such as trash bags, cleaning supplies, lawn care, landscaping and salt for walkways. Additional supplies under this scenario are estimated at \$17,000. As with all of the City's parks, there are expected to be periodic capital projects that invest in the park space, particularly with a shelter and a play area. The cost of capital projects is estimated to average about \$7,500 per year.

Planning & Building: One of the fees the City applies to development is a public area fee which supports parks and recreation activities. This fee is collected from the applicant (developer) and placed in a designated fund that is dedicated to the authorized activities. The amount must be matched by the City. Scenario 1 is projected to collect \$50,000 in public area fees, which is the same amount of the City's required match.

Service & Engineering: The Service & Engineering Department will have impacts associated with Scenario 1 during the design and construction phases as well as ongoing costs to maintain the infrastructure and serve the development. The impacts associated with the design and construction phases are related to the design and construction of infrastructure. Under Scenario 1, there is estimated to be 5,700 LF of new public sanitary sewer, water, and storm sewer lines. While the developer is anticipated to pay for the design and construction of this infrastructure, the City will contract for assistance with reviewing the plans and inspecting the work since the City will assume ownership after construction. The cost for this assistance is estimated at \$225,000.

> The Service & Engineering Department provides ongoing services to the community, including solid waste collection, leaf pick up, snow removal, and maintenance of streets, curbs, sanitary sewers, water lines and storm sewers. The construction of Scenario 1 is estimated to cost the City \$7,000 per year for these services.

One-Time:	Infrastructure Consulting Fees	\$225,000
	Public Area Fees	50,000
		\$275,000
Annual:	Fire Prevention	\$32,000
	Parks Capital Investment	7,500
	Parks Maintenance Technician	107,000
	Parks Supplies	17,000
	Service & Engineering Services	7,000
		\$170,500

Scenario 2: Blend of Office, Park & Residential - Expenditures

Fire & EMS: As noted in Scenario 1, the addition of commercial space under this scenario would result in the need to add a part-time fire prevention position for 20 hours per week. The cost of this part-time prevention person is estimated at \$32,000.

Parks & Recreation: Planning & Building:		The addition of 10 acres of para maintenance activities. Altho- park space, the additional para associated uses identified for additional staff time in parks of Maintenance Technician wou However, since only ten acress service area may be able to ma additional contract assistance, annually. Parks staff will con- contract option is not ideal, it that only ten acress is added to	rk land is anticipate ugh this scenario ad c acreage in this sce he park would resu naintenance. Ideall d be added at a cos is being added to th anage the additiona which is estimated tinue to be very stre is included in this s the parks system.	ed to impact the parks Ids only ten acres of mario and the It in the need for ly a Parks t of \$107,000. he parks system, this I space through to cost \$75,000 etched, so while the cenario in recognition
		Additional supplies for Parks estimated at \$11,250. Periodic space are estimated to average	Maintenance under capital projects that about \$5,000 per y	this scenario are at invest in the park /ear.
		Scenario 2 is projected to collect \$65,000 in public area fees, which is the same amount of the City's required match.		
Service & Engineering:		Under Scenario 2, there is estimated to be 4,700 LF of new public sanitary sewer, water, and storm sewer lines. While the developer is anticipated to pay for the design and construction of this infrastructure, the City will contract for assistance with reviewing the plans and inspecting the work since the City will assume ownership after construction. The cost for this assistance is estimated at \$200,000.		
		Scenario 2 is estimated to cos services provided by Service	t the City \$9,000 pe & Engineering.	r year for the ongoing
One-Time:	Infrastruc Public Ar	ture Consulting Fees ea Fees	\$200,000 <u>65,000</u> \$265,000	
Annual:	Fire Preve Parks Cap Parks Mat Parks Sup Service &	ention bital Investment intenance Contract Assistance oplies Engineering Services	\$32,000 5,000 75,000 11,250 <u>9,000</u> \$132,250	

Scenario 3: Primarily Office - Expenditures

Fire & EMS:	As noted in Scenarios 1 and 2, the addition of commercial space under this scenario is expected to place even greater strain and the prevention function and would result in the need to add a part-time fire prevention position for 20 hours per week. The cost of this part-time prevention person is estimated at \$32,000.
Parks & Recreation:	The addition of eight acres of park land is anticipated to impact the parks maintenance activities. Although this scenario adds only eight acres of park space, the additional park acreage in this scenario and the associated uses identified for the park would result in the need for additional staff time in parks maintenance. Ideally a Parks Maintenance Technician would be added at a cost of \$107,000. However, since only eight acres is being added to the parks system, this service area may be able to manage the additional space through additional contract assistance, which is estimated to cost \$60,000 annually. Parks staff will continue to be very stretched, so while the contract option is not ideal, it is included in this scenario in recognition that only eight acres is added to the parks system.
Planning & Building:	Scenario 3 is projected to collect \$70,000 in public area fees, which is the same amount of the City's required match.
Service & Engineering:	Under Scenario 3, there is estimated to be 3,700 LF of new public sanitary sewer, water, and storm sewer lines. While the developer is anticipated to pay for the design and construction of this infrastructure, the City will contract for assistance with reviewing the plans and inspecting the work since the City will assume ownership after construction. The cost for this assistance is estimated at \$150,000. Scenario 3 is estimated to cost the City \$11,000 per year for the
	ongoing services provided by Service & Engineering.

One-Time:	Engineering Consulting Fees	\$150,000
	Public Area Fees	70,000
		\$220,000
Annual:	Fire Prevention	\$32,000
	Parks Capital Investment	4,000
	Parks Maintenance Contract Assistance	60,000
	Parks Supplies	9,000
	Service & Engineering Services	11,000
		\$116,000

Scenario 4: Primarily Park (WARD Proposal) - Expenditures

Fire & EMS:	There is more limited commercial space under this scenario, so unlike Scenarios 1, 2 and 3, this scenario is not expected to require a part- time fire prevention position.
Parks & Recreation:	The addition of 25.5 acres of park land is anticipated to impact the parks maintenance activities. The additional park acreage in this scenario and the associated uses identified for the park would result in the need to hire an additional staff member assigned to parks maintenance. The estimated annual cost for a top step Parks Maintenance Technician is \$107,000. If different uses are constructed in the park, then the ongoing costs for operation and maintenance may vary. More intensive uses would cost more to operate and maintain.
	Additional supplies for Parks Maintenance under this scenario are estimated at \$30,000. Periodic capital projects that invest in the park space are estimated to average about \$12,750 per year.
Planning & Building:	Scenario 4 is projected to collect \$20,000 in public area fees, which is the same amount of the City's required match.
Service & Engineering:	Under Scenario 4, there is estimated to be 2,700 LF of new public sanitary sewer, water, and storm sewer lines. While the developer is anticipated to pay for the design and construction of this infrastructure, the City will contract for assistance with reviewing the plans and inspecting the work since the City will assume ownership after construction. The cost for this assistance is estimated at \$125,000.

Scenario 4 is estimated to cost the City \$6,000 per year for the ongoing services provided by Service & Engineering.

One-Time:	Infrastructure Consulting Fees	\$125,000
	Public Area Fees	20,000
		\$145,000
Annual:	Parks Capital Investment	\$12,750
	Parks Maintenance Technician	107,000
	Parks Supplies	30,000
	Service & Engineering Services	6,000
		\$155,750

Summary of Expenditure Projections

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
One-Time:				
Stormwater & Site Engineering Consulting Fees	\$70,000	\$70,000	\$70,000	\$70,000
Wesley Blvd. Plan Review & Inspection	40,000	40,000	40,000	40,000
Planning & Building Consulting Fees	45,000	45,000	45,000	45,000
Infrastructure Consulting Fees	225,000	200,000	150,000	125,000
Public Area Fees	50,000	65,000	70,000	20,000
Total	\$430,000	\$420,000	\$375,000	\$300,000
Annual:				
Fire Prevention	32,000	32,000	32,000	
Parks Capital Investment	7,500	5,000	4,000	12,750
Parks Maintenance Technician/Contract Assistance	107,000	75,000	60,000	107,000
Parks Supplies	17,000	11,250	9,000	30,000
Service & Engineering Services	7,000	9,000	11,000	6,000
Total	\$170,500	\$132,250	\$116,000	\$155,750

Note: These costs do not include the land acquisition and/or the development costs of the parkland.

PROJECTED REVENUE

This section includes projections for the new revenue that would be received by the City under each of the four scenarios. Two revenue sources, income tax and property tax, would be annual, ongoing revenue streams, with income tax comprising the largest source of funding. The City levies a 2.5% income tax and five (5) mills of property tax. For the purposes of this analysis, the City inquired into the land value of the UMCH site with the Franklin County Auditor's office. They indicated that while the property is current tax exempt, they have valued the land at \$6,263,000. The current value of the buildings is excluded from this analysis since the buildings are anticipated to be demolished as part of any redevelopment. The land value is assumed to be the base value under any abatement/tax increment financing component considered as part of these scenarios. Parkland would be tax exempt, so the percentage of the land allocated to park in each scenario is removed from the land value.

The City also assesses fees on development which are paid when the development is occurring. Since these are tied to development applications, they are one-time fees and are not recurring. The permit fees relate to building and architectural review fees. In addition, a public area fee is charged which supports parks and recreation activities.

The revenue estimates will be impacted if the City decides to offer economic development incentives to encourage redevelopment of the property. The City can utilize income tax-based or property tax-based incentives to attract jobs to the community or achieve other community objectives. The income-tax-based incentives involve grants to companies in consideration of new income tax collections that will come from new or retained jobs in Worthington. Property tax-based incentives can include tax abatements and/or tax increment financing (TIF). In those instances, a portion or all of the property taxes that would otherwise be paid on the increased value of the property are either not paid, in the case of an abatement, or are diverted to a special fund intended to benefit the development, in the case of a TIF. Taxes on the base land value would still be paid. Revenue projections that take into account potential development incentives are also included in this section.

Scenario 1: Primarily Park & Office - Revenue

Under Scenario 1, the office space is estimated to have up to 1,500 employees with an average annual salary of \$50,000/year. This would generate an estimated \$1,875,000 in annual payroll withholdings for the City. Private construction costs are estimated at \$80,000,000 under this scenario, generating approximately \$116,000/year for the improvements and \$6,600 for the land in property tax revenues.

In considering the one-time fees, building permit fees are estimated at \$165,000, architectural fees at \$2,000, and public area fees at \$50,000.

Projected Revenue without Incentives

One-Time:	Permit Fees	\$167,000
	Public Area Fees	50,000
		\$217,000
Annual:	Income Tax Revenue	\$1,875,000
	Property Tax Revenue	122,600
		\$1,997,600

In Scenario 1, income tax-based incentives could be offered in conjunction with the 300,000 square feet of office to attract the 1,500 employees estimated in this scenario. If the incentive follows the City's historic pattern, grant(s) could be offered in the range of twenty percent of anticipated income tax collections over a seven-year period. This could equate to \$2,800,000 over a seven-year period, or \$375,000 for the first annual amount.

Property tax revenue could be impacted by any abatements or tax increment financing provided to encourage the development. The City has not historically offered property-tax based incentives for residential development, but it has for office and retail development. This type of incentive would likely be tied to the 17 acres of office and retail space.

This scenario includes some structured parking to serve the office and retail spaces. Structured parking typically costs \$30,000 per parking space. For the purposes of this scenario, we plan for 60% of the projected employees to be accommodated by structured parking with the remaining 40% utilizing surface parking. If structured parking is constructed to accommodate 60% of the 1,500 projected employees, the cost for the parking would be \$21,600,000. This cost would likely be funded by the developer primarily, but the City expects it would be asked to offset some of the cost of the parking structure, either through tax increment financing or a tax abatement, which would impact the revenue generated from the property.

Given the structured parking component of this scenario, we are projecting 100% abatement or TIF for ten years for the purposes of this analysis. If all of the property tax collections associated with the increased values of the development were affected by the incentive, then property tax collections would be reduced to \$6,600, which is the projected tax on the base value of the land. To provide significant funding for the structured parking, the City would likely be asked to include the Worthington Schools' millage in the TIF and/or abatement. If the Schools' millage is included, the City would likely need to share income tax revenues with the Schools. The most

common agreement is the sharing of 50% of income tax revenue. Under this situation, the City's income tax revenue would be cut in half during the ten years of the incentive.

Projected Revenue with Incentives

One-Time:	Permit Fees	\$167,000
	Public Area Fees	50,000
		\$217,000
Annual:	Income Tax Revenue	\$562,500
	Property Tax Revenue	6,600
		\$569,100

Scenario 2: Blend of Office, Park & Residential – Revenue

The office is estimated to have up to 1,500 employees at the site with an average annual salary of \$50,000/year. This would generate an estimated \$1,875,000 in annual payroll withholdings for the City. Private construction costs are estimated at \$140,000,000 under this scenario, generating approximately \$203,000/year for the improvements and \$8,000 for the land in property tax revenues.

In considering one-time fees, building permit fees are estimated at \$170,000, architectural fees at \$5,000, and public area fees at \$65,000.

Projected Revenue without Incentives

One-Time:	Permit Fees	\$175,000
	Public Area Fees	65,000
		\$240,000
Annual:	Income Tax Revenue	\$1,875,000
	Property Tax Revenue	211,000
		\$2,086,000

Scenario 2 has the same amount of office, retail and structured parking as Scenario 1 so the incentive impact to income tax and property tax revenues is the same. This scenario has a smaller percentage of the site dedicated to parkland, so the amount of property taxes collected from the base land value is slightly higher than in Scenario 1.

Projected Revenue with Incentives

One-Time:	Permit Fees	\$175,000
	Public Area Fees	65,000
		\$240,000
Annual:	Income Tax Revenue	\$562,500
	Property Tax Revenue	8,000
		\$570,500

Scenario 3: Primarily Office - Revenue

It is estimated there could be up to 2,000 employees at the site with an average annual salary of \$50,000/year. This would generate an estimated \$2,500,000 in annual payroll withholdings for the City. Private construction costs are estimated at \$134,000,000 under this scenario, generating approximately \$195,000/year for the improvements and \$8,600 for the land in property tax revenues.

In considering the one-time fees, building permit fees are estimated at \$183,000, architectural fees at \$2,000, and public area fees at \$70,000.

Projected Revenue without Incentives

One-Time:	Permit Fees	\$185,000
	Public Area Fees	70,000
		\$255,000
Annual:	Income Tax Revenue	\$2,500,000
	Property Tax Revenue	203,600
		\$2,703,600

Scenario 3 is similar to Scenarios 1 and 2 except it includes 100,000 square feet of additional office, bringing the total amount of office to 400,000 square feet. Income tax incentives associated with attracting jobs to the office space could equate to \$3,700,000 over a seven-year period, or \$500,000 for the first annual payment.

Property tax revenue would be impacted by any abatements or tax increment financing provided to encourage the development. This type of incentive would likely be tied to the 20 acres of

office and retail space. Like Scenarios 1 & 2, this scenario has a structured parking component to serve the office and retail spaces. Using the same assumptions about structured parking as noted in Scenarios 1 and 2, structured parking constructed to accommodate 60% of the 2,000 projected employees would cost \$36,000,000. As was noted in those scenarios, this cost would likely be funded by the developer primarily, but the City expects it would be asked to offset some of the cost of the parking structure, either through tax increment financing or a tax abatement, which would impact the revenue generated from the property. Using the same assumptions in Scenarios 1 & 2, property tax collections would be reduced to \$8,600 and the City would share 50% of income tax revenue with the Schools during the ten years of the incentive.

Projected Revenue with Incentives

One-Time:	Permit Fees	\$185,000
	Public Area Fees	70,000
		\$255,000
Annual:	Income Tax Revenue	\$750,000
	Property Tax Revenue	8,600
		\$758,600

Scenario 4: Primarily Park (WARD Proposal) – Revenue

It is estimated there could be up to 650 employees at the site with an average annual salary of \$50,000/year. This would generate an estimated \$812,000 in annual payroll withholdings for the City. Private construction costs are estimated at \$44,000,000 under this scenario, generating approximately \$64,000/year for the improvements and \$3,400 for the land in property tax revenues.

In considering one-time fees, building permit fees are estimated at \$55,000, architectural fees at \$3,500, and public area fees at \$20,000.

Projected Revenue without Incentives

One-Time:	Permit Fees	\$58,500
	Public Area Fees	20,000
		\$78.500

Annual:	Income Tax Revenue	\$812,000
	Property Tax Revenue	67,400
		\$879,400

Incentives for Scenario 4 would likely only be tied to the 130,000 square feet of office space. Income tax incentives associated with attracting jobs to the office space could equate to \$1,200,000 over a seven-year period, or \$163,000 annually.

Property tax revenue would be impacted by any abatements or tax increment financing provided to encourage the development. This type of incentive would likely be tied to the 6.5 acres of office space. Since this scenario does not include any structured parking, we will use the most common percentage of 75% for ten years. If all of the property tax collections associated with the development were affected by the 75%, then property tax collections would be reduced to \$19,400. This incentive is not expected to include the Schools' levy, so there would be no need to share income tax revenue with the Schools.

Projected Revenue with Incentives

One-Time:	Permit Fees	\$58,500
	Public Area Fees	20,000
		\$78,500
Annual:	Income Tax Revenue	\$649,000
	Property Tax Revenue	19,400
		\$668,400

Summary of Revenue Projections

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
WITHOUT INCENTIVES				
One-time:				
Permit Fees	\$167,000	\$175,000	\$185,000	\$58,500
Public Area Fees	50,000	65,000	70,000	20,000
Total	\$217,000	\$240,000	\$255,000	\$78,500
Annual:				
Income Tax	\$1,875,000	\$1,875,000	\$2,500,000	\$812,000
Property Tax	122,600	211,000	203,600	67,400
Total	\$1,997,600	\$2,086,000	\$2,703,600	\$879,400
WITH INCENTIVES				
One-time:				
Permit Fees	\$167,000	\$175,000	\$185,000	\$58,500
Public Area Fees	50,000	65,000	70,000	20,000
Total	\$217,000	\$240,000	\$255,000	\$78,500
Annual:				
Income Tax	\$562,500	\$562,500	\$750,000	\$649,000
Property Tax	6,600	8,000	8,600	19,400
Total	\$569,100	\$570,500	\$758,600	\$668,400

A summary of the expenditure and revenue projections for each scenario, looking out 25 years, is attached as Appendix A.

Appendix A

	Year 1	Year 2	Year 3	Year 7	Year 8	Year 10	Year 11	Year 18	Year 25
Expenditures									
Stormwater & Site Engineering Consulting Fees	35,000	35,000	0	0	0	0	0	0	0
Wesley Blvd. Plan Review & Insp.	40,000	0	0	0	0	0	0	0	0
Infrastructure Consulting Fees	112,500	112,500	0	0	0	0	0	0	0
Planning & Bldg Consulting Fees	15,000	15,000	15,000	0	0	0	0	0	0
Public Area Fees	50,000	0	0	0	0	0	0	0	0
Fire Prevention	32,000	32,960	33,949	38,210	39,356	41,753	43,005	52,891	65,049
Parks Capital Investment	7,500	7,725	7,957	8,955	9,224	9,786	10,079	12,396	15,246
Parks Maintenance Technician/Contract Assistance	107,000	110,210	113,516	127,764	131,597	139,611	143,799	176,855	217,509
Parks Supplies	17,000	17,510	18,035	20,299	20,908	22,181	22,847	28,098	34,557
Service & Engineering Services	7,000	7,210	7,426	8,358	8,609	9,133	9,407	11,570	14,230
Total Expenditures	\$423,000	\$338,115	\$195,883	\$203,586	\$209,693	\$222,464	\$229,138	\$281,811	\$346,591
Note: These costs do not include the land acau	isition and/or	the developm	ent costs of the r	arkland.					

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Revenue without Incentives									
Permit Fees	167,000	0	0	0	0	0	0	0	0
Public Area Fees	50,000	0	0	0	0	0	0	0	0
Income Tax	1,875,000	1,912,500	1,950,750	2,111,555	2,153,786	2,240,799	2,285,615	2,625,453	3,015,820
Property Tax	122,600	125,665	128,807	142,178	145,733	153,111	156,938	186,550	221,750
Total Revenue without Incentives	\$2,214,600	\$2,038,165	\$2,079,557	\$2,253,733	\$2,299,519	\$2,393,909	\$2,442,553	\$2,812,003	\$3,237,570
Revenue with Incentives									
Permit Fees	167,000	0	0	0	0	0	0	0	0
Public Area Fees	50,000	0	0	0	0	0	0	0	0
Income Tax	562,500	573,750	585,225	633,466	1,076,893	1,120,399	2,285,615	2,625,453	3,015,820
Property Tax	6,600	6,765	6,934	7,654	7,845	8,242	156,938	186,550	221,750
Total Revenue with Incentives	\$786,100	\$580,515	\$592,159	\$641,120	\$1,084,738	\$1,128,642	\$2,442,553	\$2,812,003	\$3,237,570

Assumptions

Expenditures will increase 3% annually

Income tax revenues will increase 2% annually

Property tax revenues will increase 2.5% annually

Income tax incentive will end after seven years

	Year 1	Year 2	Year 3	Year 7	Year 8	Year 10	Year 11	Year 18	Year 25
Expenditures									
Stormwater & Site Engineering Consulting Fees	35,000	35,000	0	0	0	0	0	0	0
Wesley Blvd. Plan Review & Insp.	40,000	0	0	0	0	0	0	0	0
Infrastructure Consulting Fees	100,000	100,000	0	0	0	0	0	0	0
Planning & Bldg Consulting Fees	15,000	15,000	15,000	0	0	0	0	0	0
Public Area Fees	65,000	0	0	0	0	0	0	0	0
Fire Prevention	32,000	32,960	33,949	38,210	39,356	41,753	43,005	52,891	65,049
Parks Capital Investment	5,000	5,150	5,305	5,970	6,149	6,524	6,720	8,264	10,164
Parks Maintenance Technician/Contract Assistance	75,000	77,250	79,568	89,554	92,241	97,858	100,794	123,964	152,460
Parks Supplies	11,250	11,588	11,935	13,433	13,836	14,679	15,119	18,595	22,869
Service & Engineering Services	9,000	9,270	9,548	10,746	11,069	11,743	12,095	14,876	18,295
Total Expenditures	\$387,250	\$286,218	\$155,304	\$157,913	\$162,651	\$172,556	\$177,733	\$218,589	\$268,837
Note: These costs do not include the land acqu	isition and/or	the developm	ent costs of the p	arkland.					

Revenue without Incentives									
Permit Fees	175,000	0	0	0	0	0	0	0	0
Public Area Fees	50,750	0	0	0	0	0	0	0	0
Income Tax	1,875,000	1,912,500	1,950,750	2,111,555	2,153,786	2,240,799	2,285,615	2,625,453	3,015,820
Property Tax	211,000	216,275	221,682	244,695	250,813	263,510	270,098	321,061	381,641
Total Revenue without Incentives	\$2,311,750	\$2,128,775	\$2,172,432	\$2,356,250	\$2,404,598	\$2,504,309	\$2,555,712	\$2,946,514	\$3,397,461
Revenue with Incentives									
Permit Fees	167,000	0	0	0	0	0	0	0	0
Public Area Fees	65,000	0	0	0	0	0	0	0	0
Income Tax	562,500	573,750	585,225	633,466	1,076,893	1,120,399	2,285,615	2,625,453	3,015,820
Property Tax	8,000	8,200	8,405	9,278	9,509	9,991	270,098	321,061	381,641
Total Revenue with Incentives	\$802,500	\$581 <i>,</i> 950	\$593,630	\$642,744	\$1,086,402	\$1,130,390	\$2,555,712	\$2,946,514	\$3,397,461

Assumptions

Expenditures will increase 3% annually

Income tax revenues will increase 2% annually

Property tax revenues will increase 2.5% annually

Income tax incentive will end after seven years

	Year 1	Year 2	Year 3	Year 7	Year 8	Year 10	Year 11	Year 18	Year 25
Expenditures									
Stormwater & Site Engineering Consulting Fees	35,000	35,000	0	0	0	0	0	0	0
Wesley Blvd. Plan Review & Insp.	40,000	0	0	0	0	0	0	0	0
Infrastructure Consulting Fees	75,000	75,000	0	0	0	0	0	0	0
Planning & Bldg Consulting Fees	15,000	15,000	15,000	0	0	0	0	0	0
Public Area Fees	70,000	0	0	0	0	0	0	0	0
Fire Prevention	32,000	32,960	33,949	38,210	39,356	41,753	43,005	52,891	65,049
Parks Capital Investment	4,000	4,120	4,244	4,776	4,919	5,219	5,376	6,611	8,131
Parks Maintenance Technician/Contract Assistance	60,000	61,800	63,654	71,643	73,792	78,286	80,635	99,171	121,968
Parks Supplies	9,000	9,270	9,548	10,746	11,069	11,743	12,095	14,876	18,295
Service & Engineering Services	11,000	11,330	11,670	13,135	13,529	14,353	14,783	18,181	22,361
Total Expenditures	\$351,000	\$244,480	\$138,064	\$138,510	\$142,665	\$151,354	\$155,894	\$191,730	\$235,804
Note: These costs do not include the land acau	isition and/or	the developm	ent costs of the r	arkland					

Note: These costs do not include the land acquisition and/or the development costs of the parkland.

Revenue without Incentives									
Permit Fees	185,000	0	0	0	0	0	0	0	0
Public Area Fees	70,000	0	0	0	0	0	0	0	0
Income Tax	2,500,000	2,550,000	2,601,000	2,815,406	2,871,714	2,987,731	3,047,486	3,500,604	4,021,093
Property Tax	203,600	208,690	213,907	236,114	242,016	254,269	260,625	309,801	368,257
Total Revenue without Incentives	\$2,958,600	\$2,758,690	\$2,814,907	\$3,051,520	\$3,113,731	\$3,242,000	\$3,308,111	\$3,810,405	\$4,389,350
Revenue with Incentives									
Permit Fees	185,000	0	0	0	0	0	0	0	0
Public Area Fees	75,000	0	0	0	0	0	0	0	0
Income Tax	750,000	765,000	780,300	844,622	1,435,857	1,493,866	3,047,486	3,500,604	4,021,093
Property Tax	8,600	8,815	9,035	9,973	10,223	10,740	260,625	309,801	368,257
Total Revenue with Incentives	\$1,018,600	\$773,815	\$789,335	\$854,595	\$1,446,080	\$1,504,606	\$3,308,111	\$3,810,405	\$4,389,350

Assumptions

Expenditures will increase 3% annually

Income tax revenues will increase 2% annually

Property tax revenues will increase 2.5% annually

Income tax incentive will end after seven years

	Year 1	Year 2	Year 3	. Year 7	Year 8	. Year 10	Year 11	Year 18	Year 25
Expenditures									
Stormwater & Site Engineering Consulting Fees	35,000	35,000	0	0	0	0	0	0	0
Wesley Blvd. Plan Review & Insp.	40,000	0	0	0	0	0	0	0	0
Infrastructure Consulting Fees	62,500	62,500	0	0	0	0	0	0	0
Planning & Bldg Consulting Fees	15,000	15,000	15,000	0	0	0	0	0	0
Public Area Fees	20,000	0	0	0	0	0	0	0	0
Fire Prevention	0	0	0	0	0	0	0	0	0
Parks Capital Investment	12,500	12,875	13,261	14,926	15,373	16,310	16,799	20,661	25,410
Parks Maintenance Technician/Contract Assistance	107,000	110,210	113,516	127,764	131,597	139,611	143,799	176,855	217,509
Parks Supplies	30,000	30,900	31,827	35,822	36,896	39,143	40,317	49,585	60,984
Service & Engineering Services	6,000	6,180	6,365	7,164	7,379	7,829	8,063	9,917	12,197
Total Expenditures	\$328,000	\$272,665	\$179,970	\$185,675	\$191,245	\$202,892	\$208,979	\$257,018	\$316,099
Note: These costs do not include the land acqu	isition and/or	the developm	ent costs of the	parkland.					
Revenue without Incentives									
Permit Fees	58,500	0	0	0	0	0	0	0	0
Public Area Fees	20,000	0	0	0	0	0	0	0	0
Income Tax	812,000	828,240	844,805	914,444	932,733	970,415	989,823	1,136,996	1,306,051
Property Tax	67,400	69,085	70,812	78,163	80,117	84,173	86,278	102,557	121,908
Total Revenue without Incentives	\$957,900	\$897,325	\$915,617	\$992,607	\$1,012,850	\$1,054,589	\$1,076,101	\$1,239,553	\$1,427,959
Revenue with Incentives									
Permit Fees	58 500	0	0	0	٥	0	٥	٥	٥

Total Revenue with Incentives	\$747,500	\$682,477	\$696,226	\$754 <i>,</i> 053	\$955,793	\$994,643	\$1,076,101	\$1,239,553	\$1,427,959
Property Tax	19,400	19,885	20,382	22,498	23,061	24,228	86,278	102,557	121,908
Income Tax	649,600	662,592	675,844	731,555	932,733	970,415	989,823	1,136,996	1,306,051
Public Area Fees	20,000	0	0	0	0	0	0	0	0
Permit Fees	58,500	0	0	0	0	0	0	0	0

Assumptions

Expenditures will increase 3% annually

Income tax revenues will increase 2% annually

Property tax revenues will increase 2.5% annually

Income tax incentive will end after seven years