

## Economic Development Committee Minutes

Honorable Council  
City of Newark, Ohio  
August 8, 2023

The Economic Development Committee met in Council Chambers on August 7, 2023 with these members in attendance:

Spencer Barker, Chair  
Michael Houser – Vice Chair  
Colton Rine  
Beth Bline  
Jeff Harris

We wish to report:

- 1. Ordinance No. 23-73** A RESOLUTION CONSENTING TO AN ENTERPRISE ZONE ABATEMENT AGREEMENT BETWEEN THE BOARD OF COUNTY COMMISSIONERS OF LICKING COUNTY, OHIO AND THE HEATH-NEWARK-LICKING COUNTY PORT AUTHORITY AND AUTHORIZING THE DIRECTOR OF PUBLIC SERVICE TO EXECUTE SUCH AGREEMENT ON BEHALF OF THE CITY OF NEWARK, OHIO AND DECLARING AN EMERGENCY  
**Mark Mauter, Director of Economic and Community Development** - I just want to make a few opening remarks on the Enterprise Zone, the legislation you have in front of you, since we don't have a lot of discussion on Enterprise Zones too often. The last one we did was actually for Kroger over on Tamarack in June of 2022. This Enterprise Zone legislation is for 1401 and 1425 Mt. Vernon Road. It is owned by Heath-Newark Licking County Port Authority, Mr. Rick Platt is the President/CEO of this organization and he will give you an overview of their plans for the property following my remarks. As a reminder the entire City of Newark Corporation limit is an Enterprise Zone. Enterprise Zones function much like the Community Reinvestment Area, they provide tax abatement for a limited and specified amount of time, the difference is that the Enterprise Zone Agreement is entered into by the City which gives it's consent to have the Enterprise Zone done within the City of Newark. The entity making application, in this case the Heath-Newark Licking County Port Authority and the County Commissioners who authorize the agreement. So, it takes three entities to package this Enterprise Zone Agreement together. The Enterprise Zone agreements are short term tax incentives and tax abatement tools used to retain or attract new businesses into our area which then in turn yields long term tax revenue to both the City and the School Districts. This particular Enterprise Zone Agreement is being negotiated for a term of 10 years and would abate 75% of the increased property valuation. After those 10 years the Newark City Schools and CTEC will realize 100% of the tax valuation increases and will do so for the remaining life of the property, hence our long term benefit comes in for the City and the City Schools. The City will be responsible to ensure that all the terms of

the agreement are followed and this is done by annual review committee held by the County. This is really a tremendous opportunity for the City of Newark to attract good and high paying STEM jobs for our area. This project Mr. Platt will speak to, the Port Authority is calling a STEM flex project to attract STEM flex jobs. The last thing I really want to comment on is the emergency clause in the preamble. The emergency clause has been added so that after the second reading we will have the legislation effective on August 21<sup>st</sup> and the reason is that material and labor pricing, availability and cost are extremely time sensitive right now. Also contractor selection and scheduling deadlines are also issues that need to be addressed as timely as possible. Those are my opening remarks and I'm going to turn it over to Mr. Platt.

**Rick Platt, Heath-Newark Port Authority** - I brought a prop, but it looks like it's a little redundant to what you have in front of you, this is our STEM flex concept. We are moving forward on the grounds work phase of this right now if you drove by you see we're not making building improvements, we're purposely avoiding making those building improvements waiting for your consideration of this exemption incentive request, but the improvements include putting down asphalt and taking out more than we're putting down and getting the site ready. Our intent with STEM flex concept as Mark said is to pursue STEM skilled jobs and to have flex space that we can target to manufacturers and also companies that need those STEM skilled jobs. In our request for this exemption we've been very pragmatic, the Port Authority does not actually receive the benefit of the exemption, we are a public entity so like you we are tax exempt, but if this is approved we intend to proceed with improving the building so the future tenant, which we don't know of one yet, would benefit from that. When we lease it to the tenant they would normally be the one paying the taxes, this is a benefit to them. I think it's also important to note that the building we acquired a year ago, we aren't seeking nor could we seek an exemption on the existing value that the County puts on the building and the ground, so the tenant in there right now is tax exempt because of the Port Authority's ownership and the future tenant should it be a private tenant would actually be responsible to begin paying the taxes that exist on the current building, so this is just for the improvements being made on the current building. Those improvements we put them out to bid contingent on this exemption being approved and last Thursday we found then within our budget that was proposed on the tax exemption and if it is approved we will be able to proceed within this 30 day window, so we appreciate your consideration of expediting this and we're hoping we can hold the cost by acting within the 30 day range of when we received our quote from our low bidder this past Thursday and after your approval and the Counties that we'll be able to proceed with the contracting. That include paint on the outside, putting in new glass, new floors, new storefronts on and getting the building cleaned up and ready to go. The Port Authority has a track record we've actually built 6 spec buildings and a couple other build to suit buildings for private companies in the last twelve years, so I could brag that along with a private developer we've done 12 spec buildings in 12 years. So, this will be spec building 13 and 14 if we can move forward and it's important to have spec buildings ready to go. When companies go looking the first thing they do is look if there is an existing building that we can find that's ready to go. I can tell you because we've

built buildings in the 20-30 thousand square foot range, no one is really building that small of a building on speculation without knowing who their tenant is, so we're already in a pretty narrow market that size and these buildings are just over 15 thousand and 8,500 square feet, so those are really small speculative investments, but we're trying to start something here. We're not going to be one and done, our hope is we lease these 2 buildings, we own land behind those buildings, we're in the market looking for more property, so we're hoping that we are kind of learning some muscle memory about how to do these buildings in Heath and Newark and we want to keep doing that.

**Ms. Bline** - I have questions about a process, not necessarily the project. Is this Enterprise Zone a State funded process, or something voted in by Council, say is there a time stamp on it, I guess it says 15 years this opportunity will expire so let's say again is this an on going opportunity?

**Director Mauter** - The Enterprise Zone was created back in 1988, that's right in the first paragraph of the preamble you see it says Whereas the Council of the City of Newark Ohio by Resolution 88-62 adopted on July 5, 1988, that's what created the Enterprise Zone.

**Ms. Bline** - Thank you so much for that and this is applicable to both County and City properties?

**Director Mauter** - This is just for the City of Newark.

**Ms. Bline** - Okay, so even if the County owned a property within the City limits.

**Director Mauter** - Then it would be eligible I would imagine if it fell under the parameters and guidelines. Under ORC to be considered eligible for an Enterprise Zone tax abatement, that's where we would start.

**Ms. Bline** - Okay, I believe that covers it, thank you.

**Motion to send on to full Council by Mr. Harris, second by Mr. Houser, Motion passed 5-0**

Economic Development Committee stands adjourned

Spencer Barker, Chair