

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
December 20, 2021
5:45pm

The Finance Committee met in Council Chambers December 20, 2021 with these members in attendance:

Doug Marmie – Chair
Spencer Barker
Jeff Harris
Jonathan Lang
Jeremy Blake

We wish to report :

1. **Resolution No. 21-87** A RESOLUTION APPROPRIATING MONIES FOR CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

(Monies getting paid to Newark School Hillview Elementary drive extension city portion/half)

Section 1. There is hereby an appropriation of the unappropriated balance of the 220 COVID-19 ARP Fund, in the amount of \$97,832.00 (Monies getting paid to Newark School Hillview Elementary drive extension city portion/half)

220.100.5319	Miscellaneous	97,832.00
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David Rhodes, Service Director – These monies got paid to the schools, we the administration got together with the schools, we have a problem with cars backing up on Horns Hill Rd. directly related to more parents dropping off and picking up their kids. We had a few conversations with Councilman Marmie, the Administration, the school, we decided to split that our portion is coming from COVID dollars.

Motion to send to full council by Mr. Lang, second by Mr. Barker

Mr. Lang – Director Rhodes, what is the timeline for this?

Director Rhodes – It's already been done. The bill came in and we are splitting it.

Motion passed 5-0

2. **Resolution No. 21-88** A RESOLUTION AMENDING RESOLUTION NO. 92-109, RESOLUTION NO. 95-46 AND RESOLUTION NO. 01-11a IN AMENDING THE TERMS OF THE REAL PROPERTY TAX EXEMPTION AVAILABLE IN THE FIFTH COMMUNITY REINVESTMENT AREA; AND MAKING RELATED AUTHORIZATIONS

Mark Mauter, Director of Development – The legislation before you would amend the city community reinvestment area number 5 from an existing 50% tax abated percentage to a 100% tax abated percentage. This would be beneficial defining the goal of the CRA as defines by the Ohio Department of Development which states a CRA is an economic development tool to encourage revitalization of the existing housing stock and the development of new structures. This change to 100% tax abatement would encourage new development in this area. In particular, the newly proposed Overlook residential development, which will be dependent upon a 100% abatement to be financially viable. The Overlook new housing development will provide much needed housing stock to the city. In closing, this amendment will bring CRA number 5 tax abatement to the same 100% level as all the other existing city CRA's.

Motion to send to full council by Mr. Lang, second by Mr. Barker

Rochelle Volen-Smith, 237 Violet Ct. – What area is this in? And is this a total tax abatement for this new development, is it the one on Cherry Valley Road? I remember we did not get a tax abatement for the development around 21st Street and that's a more affordable housing area than this new proposed area and I'm curious why it's getting more priority.

Director Mauter – Community Reinvestment Areas were established well before my time here. They were established to encourage and incentivize development in areas that were distressed and weren't being considered for development. So, to answer your question, there are existing Community Reinvestment Areas, this particular one CRA #5 is located in the Cherry Valley Rd area, so it is a qualified existing CRA for this developer and the 21st Street area does not have a CRA associated with it. You may be confusing the CRA with the TIF. The Walmart area was a TIF and those are two different pieces of legislation.

Mr. Lang – you had outlined for us some of the benefits to the CRA change in conjunction with implementing the New Community Authority, can you just briefly outline that for folks to hear I think it would be helpful to hear how those work together.

Director Mauter – The CRA currently is the 50% tax abatement area in effect for 15 years and after 15 years the abatement is discontinued. For this project, the Overlook, we're going to combine this CRA tax abatement with something brand new, a new economic development tool called a New Community Authority, that's actually the next piece of legislation coming before you. The CRA tax abatement funds that are established, which is done by the prudent value of the property, so if you have vacant land and a house is built on it, the price is going to go up when the County Auditor does a re-assessment, an abatement keeps the tax what it was when it was a vacant piece of land and abates that increase in property tax value over 15 years. What a New Community Authority does, is captures that increased value over 15 years and still allows the County to collect, but then it gets channeled to the New Community Authority Board, which will be established with Council Approval. That New Community Authority Board will use those funds to then pay their debt service to do all the improvements that are going to be necessary for the development, so water, sewer, roads and everything it's going to take to make that development happen out there. They will work in tandem and without them working together this would probably not be a viable project. So, this is exactly what a CRA exists for to encourage and incentivize and help with development and this New Community Authority that we're going to talk about next is the financing conduit to make this economically viable.

Mr. Marmie – Just to summarize, it basically takes the risk off of the City of Newark as far as investing in this area and it goes onto this entity, therefore the city funds and our taxes are not at risk at all as far as putting money out there for this development. It all goes into this pool.

Motion passed 5-0

3. **Resolution No. 21-89** A RESOLUTION TO DETERMINE THAT THE PETITION TO ESTABLISH THE CHERRY VALLEY NEW COMMUNITY AUTHORITY IS SUFFICIENT AND COMPLIES WITH THE REQUIREMENTS OF THE OHIO REVISED CODE; TO SET THE TIME AND PLACE FOR A HEARING ON THE PETITION AND AUTHORIZE THE NOTICE OF SUCH HEARING BY PUBLICATION; AND DECLARING AN EMERGENCY

Director Mauter – Again it's all new to all of us, so I'll do my best to summarize this. The key to the Sufficiency Resolution in front of you is the petition to create the New Community Authority sufficient to meet the ORC guidelines to make it a legal entity. Attached to the legislation is the petition itself and in that petition is trying to establish

sufficiency of all nine sections have been addressed and all the exhibits that are listed among those nine sections in this NCA petition have also been properly completed. If you look you will see all the exhibits are complete. If this committee finds this to be complete and sufficient then you would forward this to full council for a vote and then Council would forward it on to meet a public hearing schedule.

Mr. Marmie – It says upon submission of the petition to the OBC assuming the petition is signed by the proximate city, the board is required to hold a public hearing on the petition not less than 30 and not more than 45 days after the petition is filed. Approval is to be given after that public hearing with the NCA's Board of Trustees being appointed within 10 days after formulation. There is an emergency clause on this to meet those dates.

Mr. Lang – I apologize, I just got this as I was paging through it I didn't catch it earlier, I noticed on the petition there are a couple of signature blanks for James and Maureen Havens, I don't know if those are necessary or we just got the wrong copy attached, just want to make sure moving forward we have it all.

Mr. Blake – Director can you give an estimate how much dollars we're talking about that this Board would be able to distribute? Who will be the appointing authority for this Board?

Steve Layman – More than \$2 million but less than \$3 million, but we really don't know an exact figure at this time.

Director Mauter – Council appoints three members to the board and the developer appoints three members.

Motion to send to full council by Mr. Lang, second by Mr. Barker, motion passed 5-0

Mr. Marmie – We had a budget discussion on the agenda. The main reason why I had this, the Law Director was under the weather and I didn't get with her prior to our last meeting on the budget. She has since given me all the information that I had asked of her as far as questions within her budget, I feel satisfied with that if anybody on the committee has questions about that or any other items on the budget I'd be happy to entertain any questions or discussion at this time. The final thing I will just share with everyone is that the unappropriated balance is \$652.47, the current rainy day balance is \$1 million four thousand seventy three dollars and some change.

Finance Committee meeting stands adjourned

Doug Marmie, Chair

