

Special Council Meeting 7/6/04

Every time new evaluation goes in the tax rolls, after that all they do is adjust millage downward to basically wash out any increase in taxes from the new valuation. Don't want the school districts to earn more than what they did the levy for in the first place. Increase property taxes and decrease millage.
Reduction factor. But increased obligation to the state to generate the first 23 mills.
Almost a penalty for school districts on new developments.

Keep new valuation off the tax rolls. They do a new valuation ever 6 years. But they're redoing the effective rates every year to wash out effective gain on the school district. General assembly thought it was a good idea to run a 6 mil levy for \$3 million. They're locking you into a \$3 million levy, not a 6 mil levy.

Schools districts figured out that TIFs could keep that new valuation off the tax rolls. Scenario I – take the 23 mills that you now need to generate, Take the new value by 23 mills; you have to come up with an additional \$538,000 new dollars.

Get \$225 in real new money. Without a TIF the real gain to school districts is only about \$317,000.

With TIF, the evaluation never hits the tax rolls. Take the assessed valuation, \$25M, take total tax bill (because with a TIF, you're going to pay taxes, but it's going to be earmarked. The total amount taken in will be \$1.6 million each year.
10% roll back, net \$1.4 million.

Now, how much will we charge the school district?

Based on scenario I, they would have taken in \$316,000. We typically negotiated to take into account of future levies. But make them more than whole to give them incentive to do it. A cushion to account for future levies.

Sample figure – 70% school district. 30% is what they've used before. Multiply that by xx payment = \$433,000. Even with 30-70 split, they're \$100k to the good.

25% would be \$360,000
27.5% = \$400,000
30% = \$433,000
33% = \$475,000

There is no state funding reduction. Total increase to WCSD = \$433,000 (30%).

Total TIF payment = \$1,433,000

School = \$433,000

Make township whole. Amenable to annexation agreement. They're charging .6 mills road levy. Net both of those out. What's left over is about \$1,000,000 of TIF funds (need to be earmarked for use to basically capital improvements, public improvements, which benefit that area). That doesn't mean it needs to be right on the border. MLR arguably benefits that area. Take a look at the infrastructure for good faith argument as to where the money can go to benefit that area.

Offset costs that would otherwise be paid through general fund. Dam restoration projects, lakes, etc.

Read through community benefits package today. Not totally unrestricted but will offset dollars from elsewhere.

You are tiffing your own millage, too.

Keeping that valuation off the tax rolls will mean that reduction factor today doesn't apply. Are getting \$995,000 per year. Without the TIF, your millage would decrease as the valuation went up. You'd be charging less effective millage x a bigger valuation. By keeping it off the tax rolls, you keep it off the reduction.

Current residents would continue to pay their millage. Can still use it for a while but may be capturing some fire.

Will ask you whether it's proper to use money for what.

If it doesn't come from upfront contribution may be ways to finance some of these things. Other maintenance, other road improvements. MP is small enough, a benefit here will benefit there. That's the standard.

Tax Increment Financing District

Started with land value, but with a building, both the land & building add value to the property. Tax increment is the difference capturing the added value.

Village effective Millage is 16.

16 mills times tax evaluation of \$25,609,000 = 325,000 per year. That will be paid by the folks there.

If you did not TIF this, when that area came on line, you'd get \$325,000. You'd get \$490,000 if you never run another levy. They will pick up half.

If you didn't do the TIF, you'd spread out the money over more residents.

Because it's a tif, we can finance stuff.

Based on 360 homes, but cut # and convert portion to condos, replacing houses is to our benefit.

Big sheet – no community authority.

Use of money CA vs. TIF

CA more liberal. Both used for capital items, expenditures,
Clearly pay for roads with this money (TIF).

Say we want community center – in essence they finance it. How do we know we can pay for it? We can use TIF funds to pay for roads.

To help the school district, use TIF
Use CA for village purposes.

When financial gain for the village is deferred (Don)

Over a 30-year period. They way RE p

Collect 2006 taxes in 2007. Likely will not be a whole lot of value until 2006, start to see it coming in 2007. Also there's a 5-year roll-out.

Don - May be there has some misrepresentation of financial gain for the village. But can't be greedy. Success will be on how well they market and cooperation from MP. They are opening up a little more on their approach to us. Work as a team because we have a vested financial interest.

Gene – there has been no trade off on zoning. Not coming out of their pocket. No credit given to them

Don – is tax advantage to them?

Gene – no. This a way for the village to see more eye to eye with them because of some other benefits to the village that might accrues to them.

Don – advantage because not upfront outlay for them? A team. Gives us a financial incentive to work together.

Gene. Latest proposal is getting back to their original. Still to be negotiated – up front. Don't feel that the overwhelming factor in decisions making is financial gain to village. Tan numbers and were surprised.

Dave – hear all of this. They said pool, community center. But this TIF thing comes in at 11th hour. To let them off the hook through a tif. We just presented with with a \$3 million package. Respond to that with pool, community center, etc. But those are specific things they have to provide over and above TIF, benevolence.

Gene. I'm not here to talk you into anything. Trying to present information. I believe this is accurate and unprecedented as to what benefit could be gained. Far above market benefit to the community. I give you good enough explanation of working knowledge

while this has been going on; there have been separate negotiations just as ambitions with respect to zoning.

Brian - Regardless of how much they're promising, if their heart isn't in it, it doesn't matter how much they're offering.

Pam - Have new residents feel part of the village and then community authority = additional taxes. But TIF takes the tax rate that everybody has and divides it up differently. We'll

You could include other areas in the TIF. Would pick up the increment, if they remodeled. Could run the TIF area or CA area out to 161. Those will kick into the TIF also. Doesn't have to be contiguous, could encourage.

Brian - would they consider a larger upfront money if expanded over 5 years?

Possible. Of a mix. Could use them as a financing until the tax money arrives. They should be required to make some up front. They pay \$3 million now and wait until 2007 until they start to slowly get paid back.

Realize the impact on school district. If you want SD support, this is a way to help take care of them for their impact. Property taxes never make serious impact on schools. That's why schools are getting creative. We could negotiate with schools about their school improvements and make sure those improvements benefit the village.

Dave - if deal falls through what is the potential back-up contract. When we finance the lake, bond issue. If we made an offer on the course and could work something out with the Groesingers as far as increasing our debt capacity, that was definitely something to look at. We commission you, I think, to explore that.

Gene, we tried it out from the tax benefit numbers, talked to their rep, basically the response was I don't want to get in any position to where it's questioned, if they were audited, the value they placed on the donation would be worth it.

What method could we use, if we went to them, here's what the course is worth, appraised. If you agree to this, and we can assimilate into the village increasing our debt capacity, might be others who would be interested.

Brian - I thought we could

Gene - Jeff has an expectation that, slightly decreasing to effect density or tax benefits, strong message they expectation is now that number. If we were to make an offer, the family has 2 clans. Both of which have a strong expectation of their inheritance. So it's an economic decision. Jeff is to follow through and not come off that number.

Brian Where is their heart? Mutually beneficial deal or money.

Gene – health issues, costs of care,

Dave – never saw something that was going to be presented to Jeff, but explore it. But have something as a contingency or backup if it does fall through.

Groesingers have given them to the end of the summer. They have agreement with contingencies; have given them a longer period of time to fulfill the contingencies. Don't mind revising any issue, but that's exactly the reason I had to address the group. Are we in a mode of trying to keep it as a golf course, or aren't we. Revisit that?

Pam - How serious the threat that DH would go to Columbus if we give them too hard a time. How quickly could be respond to – eminent domain, green space, etc?

Gene – They still mention it. We've thrown our assumptions but that hadn't.

Pam – because they hold it out there, we should need a response. We have a village adjacent to that property.

Gene – they've acted recently in a sense that they're making a good faith effort to come here. Whether they meet that bar is up to MP. But that haven't been adversarial. There are certain times that it comes up.

Beatrice – if Columbus, still Westerville schools? No. And difference in property valuation.

Rick – Difference between or amount and current DH amount.

Gene I think there are people waiting to see what happens.

Dave – offer at appraised value. Gene said, here's if we increase our debt capacity, there are tax advantages.

Gene the only way I know of deferring their taxes is through a charitable deduction. The value of the land is how many potential units per acre. If you take the lot price roughly equal, they could afford to pay more for the land because they'd get more units in Columbus. An issue of density.

Cogley – Columbus SD – Westerville school district has some concerns about village annexing them into the village. Of the 2 schools D, Col is poorest and would be far less likely to absorb them. Where to put them, how fund them?

Don – there is no connection . There is a reserve . Waltham woods, but DH layout doesn't anticipate extension, so they never intended to tie into Columbus.

Gene – Col or West will have a legal obligation to school them. Columbus doesn't get an opportunity to say no because we don't have a place to put them. West went to vacant land zoned for development, but didn't plan on this golf course being converted. Want somebody to help pick up slack. If you read George's recent comments, MP is being held up as a model for helping them out. Our understanding is that kids from the village are first in line at Hawthorne. But the extent any new development would be served at Hawthorne and other kids from other areas would have to be bussed elsewhere.

Beatrice – DH

Ron – contracts for Columbus water & sewer. Had a chance for sewer. Has anyone every talked to the water department. They talked to Sheryl Roberto @she's retired.

Gene - have heard no word since then. If Columbus isn't willing to do that, it's not going to happen. If Columbus wants it, but they haven't made any overture to date.

Dave – has the moratorium on Columbus re annexation, because they couldn't service what they had. Idle threat?

Lynn – scuttlebutt is Coleman's approach is different that Lashutka's – bursting at the seams.

Rick – we're getter than . Tremendous amount of need that Columbus has for services they can't provide.

Gene – can't pick up existing valuation to apply to those payments. I'll wait to get some direction from Lynn.

Pam – legislation resolutions

2004-11 – second reading of 2005 tax budget.

Pam move – Dave second.

Brian abstain – Narcus abstentions go with majority.

Public hearing on tax budget and finance committee meeting on Sunday.

There will be a change at the final reading.

2004-12 – first reading of put levying income tax on November 2004 ballot

First reading – Pam - Brian second.

George Timmon. Resident for 26 years. Speaking for 2 others. They are ready to go door to door to defeat it again.

Finance committee standpoint - we're ending up in the red. CT had to transfer money from general fund to supplement the moneys for the water line. The general fund will be in there. Without new revenues for next year, that would carry over. So we had to consider

1.6 mils and 4 mils are expiring this year. So we are going to have to put them on the ballot next year, renewals.

We considered this year a new levy on and an income tax. With 2 existing renewals and a new bond levy and an income tax, we could go down in flames. Taking what we thought was a conservative approach, we elected to stay with the 2 renewals but not a new bond levy but with a new income tax that was structured different than the earlier. Giving credit where credit is due. And we're going to go all out to try to push the income tax. It will not affect retired persons except those operating businesses in their homes. It's a risk, because if we put a new bond levy on in addition to the existing 2, we would be sticking our necks out. We're taking a chance.

Lynn – these conclusions were not reached lightly – hard decision

I won't be here in 5 years.

But at the

All ayes – no opposed.

Resolution 2004-13 – authorizing mayor and clerk treasurer to enter into contract for reconstruction for MLR. Declare emergency.

Move wait 3 reading. – Ron seconded.

Roll call – all ayes .

Move for passage of resolution 2004-13. Dave second.

Ron – add into it somebody that can inspect the asphalt. That it's the right quality. Is that under Stu's inspection?

Narcus – have reviewed bid documents and contract for Miller. Need a separate contract for inspecting the asphalt?

Roll call – all ayes.

2004-14 – enter in agreement for engineering associated with the reconstruction of MLR by stu (EDG). Not to exceed \$18,530. also an emergency.

Move to waive three reading. Don seconded

Original proposal included inspection for \$8,000. Ron will discuss it with STu.

Roll call – all ayes.

Move for passage. Dave second.

Narcus - how did we take care of my objection. Lynn it's in your package.

Narcus – that will be attached. Lynn 3 attachments.

Roll call – aye

Ordinances

Second reading of 7-2004 levying an income tax.

Move for acceptance of second reading – Brian second.

All ayes – no apposed.

Any other business that

Brian wanted to address budget things. Ask Don about increase in budget. Major increase attributed to police? We had to pass that for the July meeting. Has to be done

before August 14. Required. Last 3 recurrent and next year's budgets. Included monies for police. And all other funds that we had in operation. We have to make an adjustment

Finance meeting Sunday at 5:00p and 7:30p on Monday public hearing for budget.

Readings on clerk treasurer's salary. Pam talk about what the amount should be.

Adjourned.
