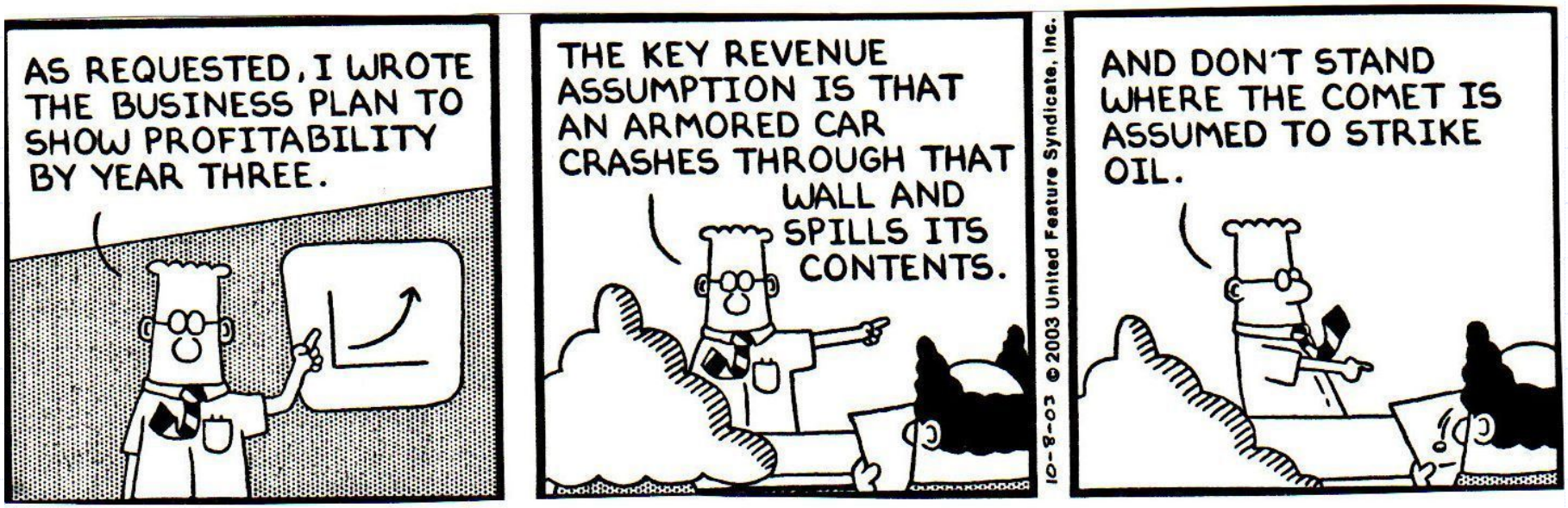
Assessment of Master Economic Development Agreement

Brian Wisniewski
President Pro-tempore
Pickerington City Council

Preface

- I am NOT advocating aggressive annexation policies.
- I am NOT advocating fighting with the township.
- I am in favor of working cooperatively with the township on a case per case basis.
  - Opposing this agreement does not mean I, or others, do not want to work cooperatively with the township.
- I am however, seriously opposed to making massive concessions based on speculation.

Assumptions



Introduction

- Comments based on:
  - Findings of the TischlerBise Cost of Land Use Study prepared for the City of Pickerington Sept 22, 2005.
    - TischlerBise is a Fiscal, Economic & Planning Consulting firm who painstakingly worked with City staff to prepare the study and report for the City of Pickerington.
  - MORPC Traffic Analysis Zones (TAZ) and projections
  - Partnership 2020 Update Report prepared by Mike Arcari and John McGory

Introduction continued

- TischlerBise findings are based on exhaustive research and cold-hard facts.
- Their findings **cannot**, and **must not**, be dismissed based on assumptions, speculation and theory.
- Any agreement reached between the City and the Township must be fair and equitable for ALL parties, not just one.

Introduction continued

- John McGory was interim development director for the City of Pickerington in 2006
- Mike Arcari and John McGory serve as development consultants for Violet Township and Canal Winchester.
- To prepare their report Mike Arcari and John McGory met with the following organizations and people:
  - Jim Batten and Tonya Barnett of the Ohio Department of Development
  - Julie Gwinn, director, and Myron Pakush, deputy director, of the Ohio Department of Transportation District 5
  - Bob Lawler and Nancy Reger of Mid Ohio Regional Planning Commission
  - Don Rector, David Zak and Brooks Davis of Fairfield County Utilities, Economic Development and Planning
  - Mike Pettit of Lancaster City Economic Development
  - Mike Simpson of Ohio Equities

Considerations

- No other municipality is bound by this agreement.
  - If Canal Winchester, Carroll, or Baltimore choose to annex land within the boundaries defined in this agreement there is nothing preventing them from doing so.
- The hands of our City are tied to this document in how we grow and develop, other governments are not.
  - "…the City will agree not to annex any new properties unless it is part of a commercial development annexation agreement" Councilman Fix 09-21-2006
  - Cannot annex anything other than commercial land as zoned in the township and is part of an agreement, regardless of circumstances.
  - Cannot annex residential or agricultural even if it is in the best interests of our residents.

Considerations

- Only “guaranteed” development area is within PLSD and that “guarantee” is tenuous at best.
  - City is not bound to enter into an agreement
    - City chooses not to and opens door for “we’re not working with the township”
    - We choose not to and may close door for other annexations that could have been beneficial to our City.
  - Township is not bound to enter into an agreement
    - If City wants to enter into agreement but township chooses not to, the City is out of luck.
- No financial study has been performed showing financial benefits or detriments regarding this agreement.
  - Cannot perform financial study based on pure speculation

Considerations

- No process has been defined determining what “costs” are included, how to track costs, or what the process is for resolving disputes.
  - Millions of City taxpayer dollars used to widen Diley - what % of Diley is considered prior to giving 50% of our income tax to the Township?
  - City is now required to track our own costs so we can adequately be reimbursed for what we do daily?
  - Will require more administrative overhead to justify our expenses (police, administrative, engineering, etc).
    - More processes, less efficiency than what currently performed.

Considerations

- This agreement goes far beyond the tenure of this council and its members and ties the hands of all future administrations without due process.
  - “Pickerington will struggle significantly in any attempt to annex our way to either of those areas with the southeast corner being unreachable. Our predecessors attempted this and not only did they spectacularly fail, our residents will be paying the price for their flawed strategy and poor decisions for generations to come. “ Councilman Fix 09-21-2006

Considerations

- No escape clause if we find this was poor decision financially or otherwise for our residents.
  - Just because “we’re” doing this agreement does not mean it is based on sound judgment, financial or otherwise.
  - Just as the prior council made decisions we now find flawed does NOT mean future generations will find the assumptions of this agreement wise.
  - We must not tie our hands for 30yrs based on speculation!
- Only studies or information we have to base our decisions upon are TischlerBise, Arcari/McGory 2020 update and MORPC projections.

Considerations

- May cause us to break pre-annexation agreements and legal contracts. See 5(b).
- Any land zoned in the township annexed into the City will require like zoning.
  - Nothing to prevent gas stations or fast food outside of our residential properties if township zoning applies.
  - We can choose to not be involved in a “bad” project but we may not be able to prevent it because of this agreement.
- City has impact fees and residential design guidelines, township does not.
  - City better equipped to manage residential growth vs Violet Township

Considerations

- ODOT is having serious funding issues.
  - Far-east freeway project is indefinitely postponed.
  - Pickerington Road interchange is not scheduled.
  - Carroll area interchange *plan* is currently being developed, not necessarily funded.
    - Proposed interchange is much farther East and South than PLSD boundaries and much of the area to develop is outside of Violet township.
    - Carroll will obviously be very interested in developing this area commercially. They are not going to role over for Pickerington.
    - "The second area will not be ready for development until the Carroll interchange is completed." McGory/Arcari
  - "The lack of roads large enough to handle any significant economic development will hamper the development of the area. " McGory/Arcari

Considerations

- Townships cannot borrow money without voter approval.
  - Residents are not looking for more taxes, especially when dealing with speculative development.
    - "...one theme that I heard repeatedly was that they were tired of constantly being asked to pay more taxes"
      Councilman Fix 09-21-2006
  - Township assessed land owners for Diley Road widening south of Busey
  - City and residents will be responsible for footing debt to build infrastructure, just as we are for Diley Road north of Busey.

Cost of Land Use Study:

Fiscal Results

Prepared for:

City of Pickerington, Ohio

Prepared by:

TischlerBise

Fiscal, Economic & Planning Consultants

Land Use	Scenario 1 Fiscal Results
Office	$924
Light Industrial	$616
Warehouse	$155
Commercial: less than 10,000 sf	$110
Commercial: less than 10,001 - 50,000 sf	$70
Commercial: more than 50,001 sf	($26)
6 units/acre	($156)
.2 units/acre	($375)
2 units/acre	($591)
10 units/acre	($622)
2.5 units/acre	($646)
1 unit/acre	($808)

Land Use	Scenario 2 Fiscal Results
Office	$924
Light Industrial	$616
.2 units/acre	$279
6 units/acre	$198
Warehouse	$155
Commercial: less than 10,000 sf	$110
Commercial: less than 10,001 - 50,000 sf	$70
Commercial: more than 50,001 sf	($26)
2 units/acre	($135)
2.5 units/acre	($240)
10 units/acre	($527)
1 unit/acre	($550)

Retail Development

- Types of development
  - "The most viable property in the township for non-retail commercial development is along the Route 33 corridor, particularly in the area east of the existing CEDA..." Councilman Fix 09-21-2006
  - "The most likely commercial development to occur within our boundaries will be more retail and more small offices. These types of commercial developments will not provide the City with the revenue streams commensurate with our hopes and dreams." Councilman Fix 09-21-2006
- "With population growth pressures, emphasis will be on retail/service opportunities."
  McGory/Arcari Partnership 2020 Update

Figure 1: Summary Fiscal Results

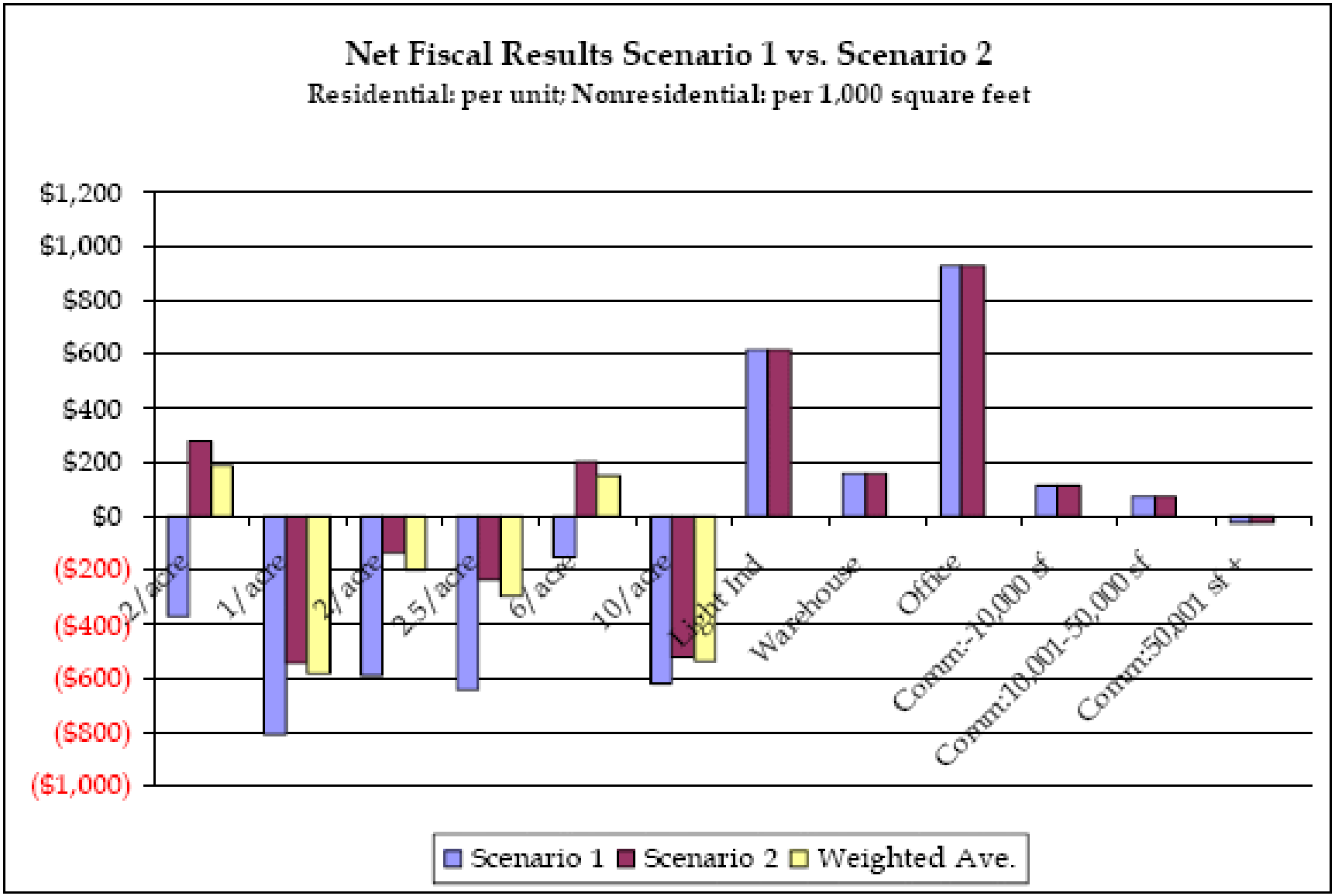


Figure 7: Summary Fiscal Results by Fund for Nonresidential Land Uses – Scenario 2

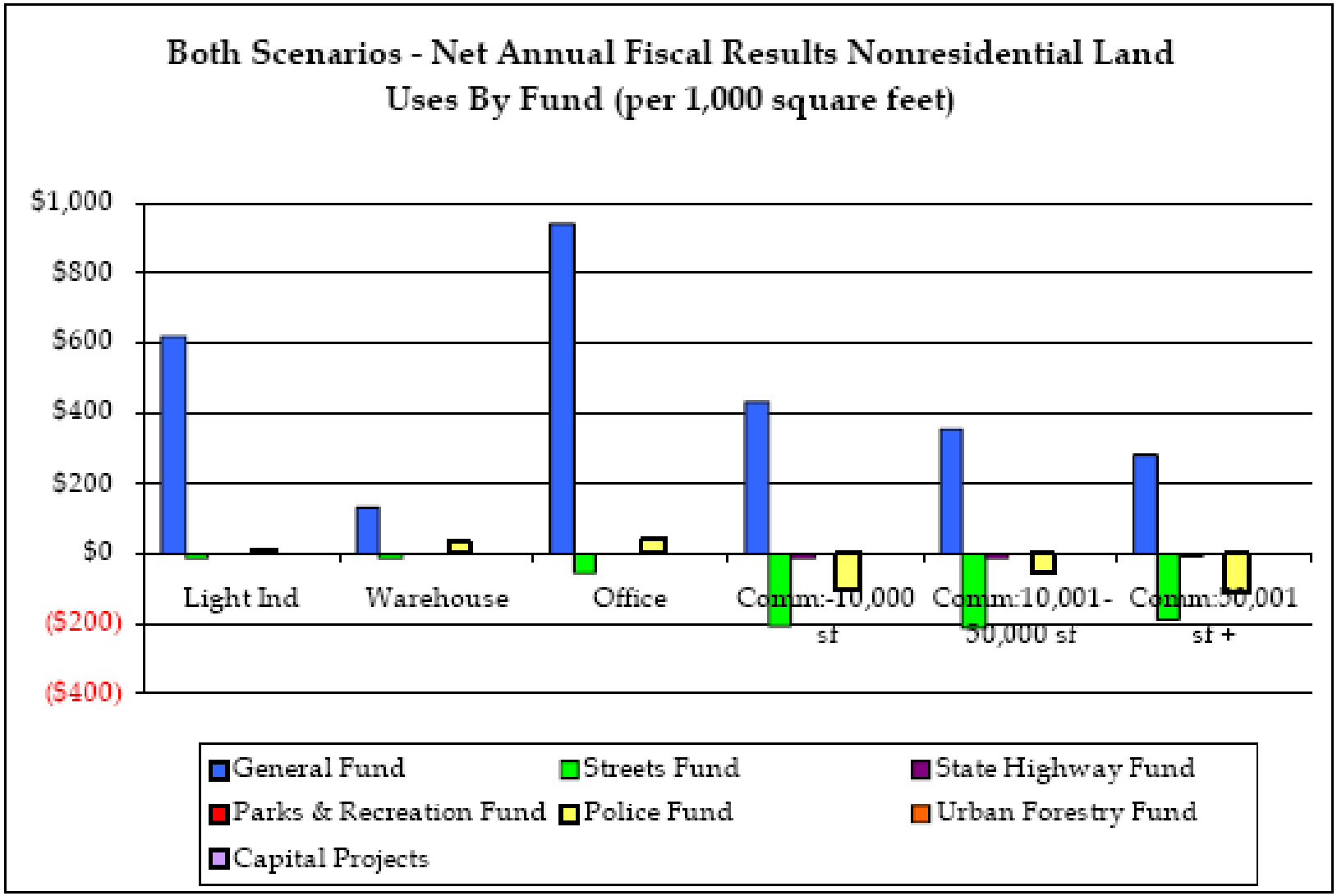


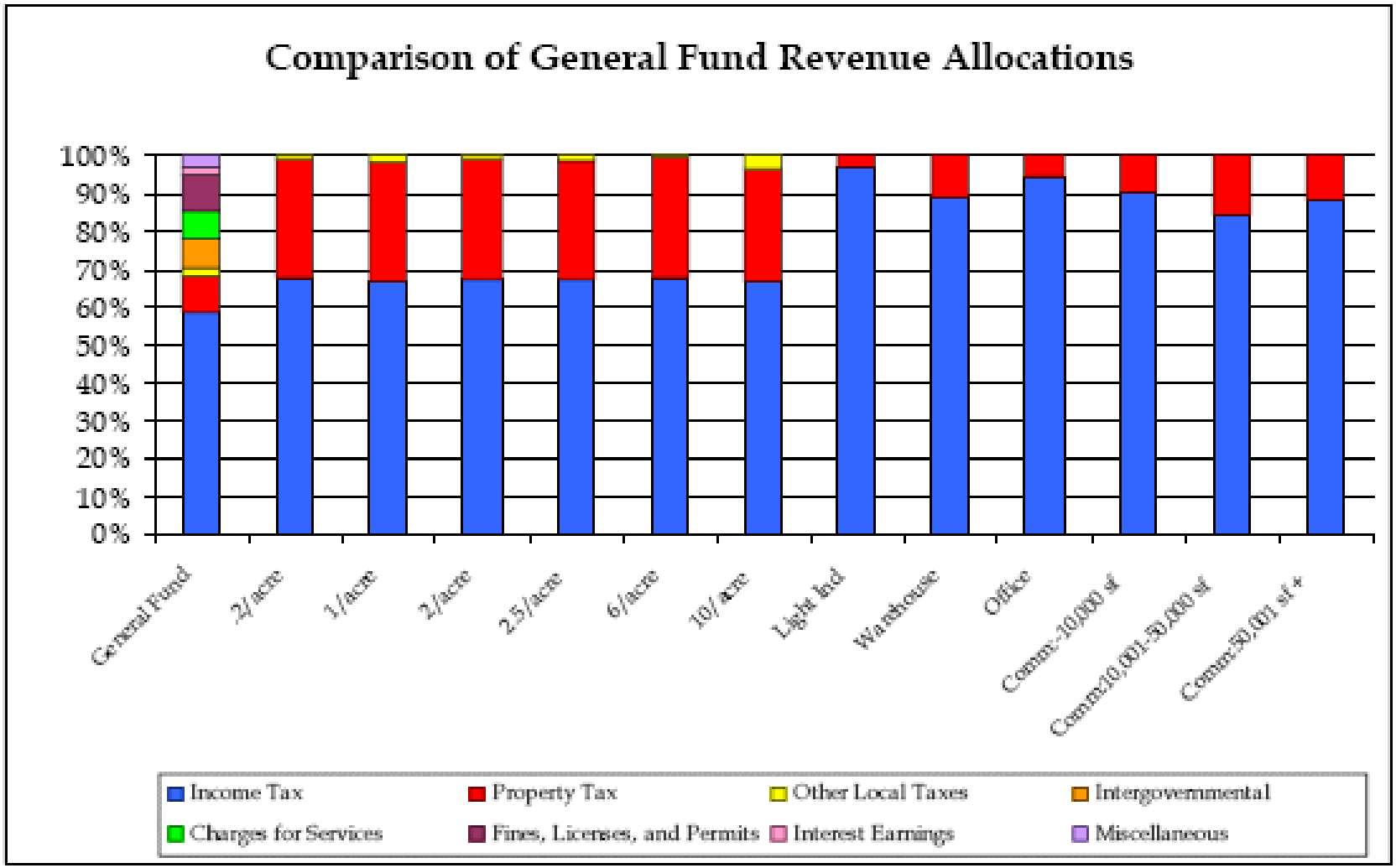
Figure 24: Fiscal Results by Fund – Scenario 1

SCENARIO 1 - Lives In Pickerington, Works in Pickerington

	Residential (per unit)						Nonresidential (per 1,000 sf)					
OPERATING BUDGET	.2 units/ acre	1 unit/ acre	2 units/ acre	2.5 units/ acre	6 units/ acre	10 units/ acre	Light Industrial	Warehouse	Office	Commercial: < 10,000 sf	Commercial: 10,001-50,000 sf	Commercial > 50,001 sf
General Fund	($163)	($323)	($243)	($263)	($67)	($245)	$621	$133	$989	$431	$354	$230
Streets Fund	$54	$54	$54	$54	$20	$33	($13)	($13)	($55)	($205)	($214)	($187)
State Highway Fund	$4	$4	$4	$4	$1	$2	($1)	($1)	($3)	($11)	($12)	($10)
Parks & Recreation Fund	($101)	($101)	($101)	($101)	($50)	($66)	$0	$0	$0	$0	$0	$0
Police Fund	($153)	($427)	($290)	($324)	($53)	($356)	$9	$36	$43	($106)	($58)	($108)
Urban Forestry Fund	($15)	($15)	($15)	($15)	($8)	($10)	$0	$0	$0	$0	$0	$0
NET OPERATING RESULTS	($375)	($808)	($591)	($646)	($156)	($622)	$616	$155	$924	$110	$70	($26)
CAPITAL												
Parks & Recreation Capital	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Police Capital	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Government Capital	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Street Capital	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NET CAPITAL RESULTS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OVERALL FISCAL RESULTS	($375)	($808)	($591)	($646)	($156)	($622)	$616	$155	$924	$110	$70	($26)

Dependency upon income tax

Figure 9: Comparison of General Fund Revenue Allocation By Land Use

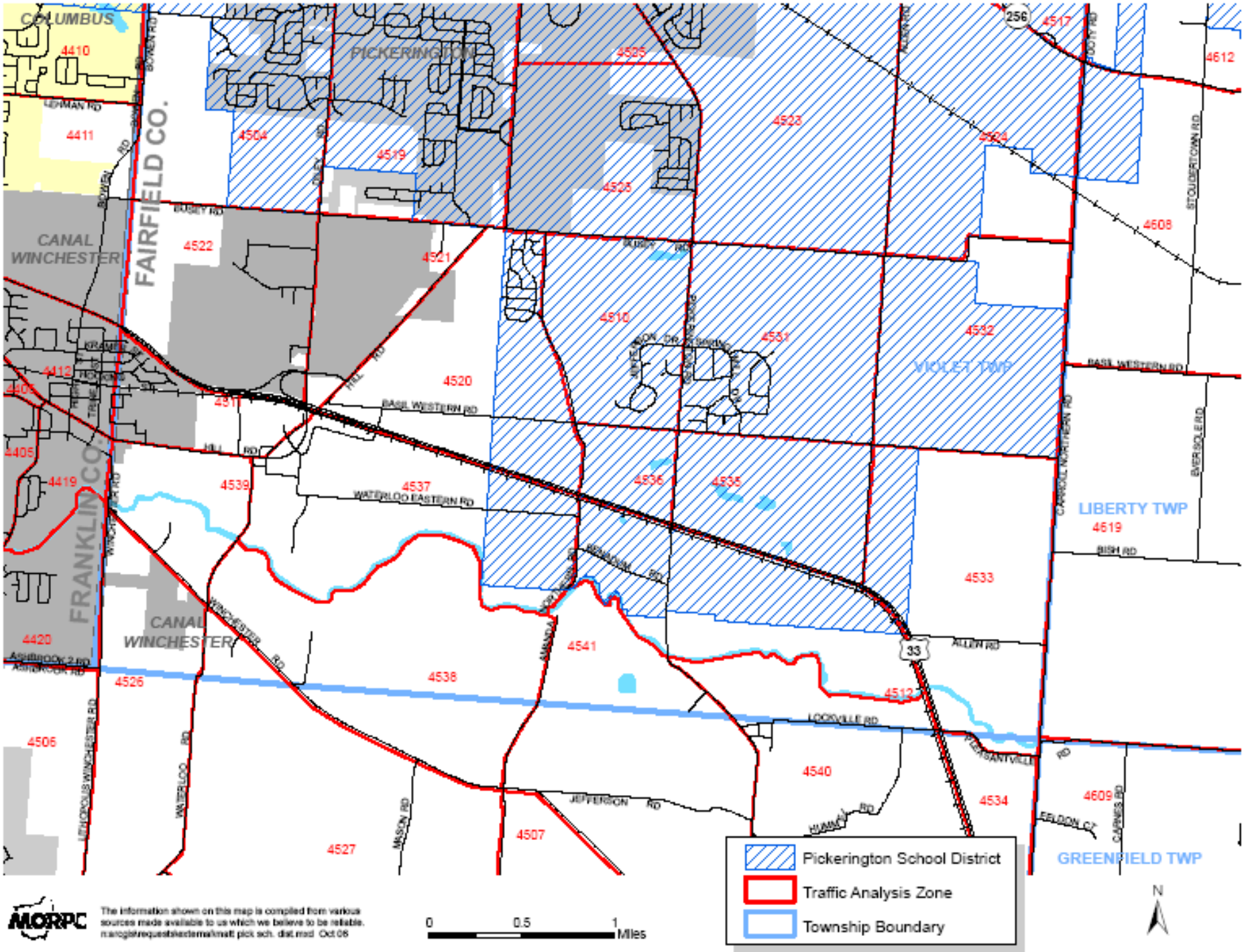


Retail summarization

- Commercial 50K+ sq ft is already a financial loser for the city.
- Subtract 1/2 or more (see 2.) of our income tax and we are even greater loser while other political subdivision(s) is/are subsidized by city tax payers.
  - "Fairfield County is interested in participating in a growth strategy for the area and can provide utilities to a large portion of the area. In return, county officials have said they would want a portion of the income tax collected. "
    Arcari/McGory Partnership 2020 Update
- Commercial property that is currently barely generating positive income may and will likely cause a negative cash flow for the city (and the city only).

Developable Land

- “Hundreds, even thousands, of acres of commercially viable land lie outside our borders and we will never get to it unless we are willing to give. “ Councilman Fix 09-21-2006
- Remember only “guaranteed” developable land is in PLSD! (1.1 and 1.2 of the agreement)
  - Anything outside of PLSD will NOT lower our property taxes
- Let’s examine the real figures
  - Next slide is map received from Matt LaMantia of MORPC 10-11-2006



Pickerington School District

Traffic Analysis Zone

Township Boundary

MORPC

The information shown on this map is compiled from various sources made available to us which we believe to be reliable.
n:arcgishrequestsbiscterma/matt pick sch. dist.mxd Oct 08

0 0.5 1 Miles

N

Land available to develop

- Traffic analysis zones (TAZ) 4536, 4535 and part of 4512 are only real areas available for development within PLSD.
  - Arcari/McGory 2020 Partner Update report
    - Zone 4535... It was 21.3% developed in 2000 and is predicted to be 28.1% developed in 2030. Its total area is 435 acres. (Less than 7% (~30 acres) developed in 30yrs)
    - Zone 4536... It was 28.8% developed in 2000 and is predicted to be 34% developed in 2030. Its total area is 149 acres (Slightly more than 5% (~8 acres) developed in 30yrs)
    - Zone 4512... It was 13.6% developed in 2000 and is expected to be 14.2% developed in 2030. Its total area is 675 acres. (Less than 1% (~4 acres) developed in 30 yrs)
      - 4512 is flood plains and will be VERY difficult to develop or build roads on (Per MORPC conversation).

MORPC Land use spreadsheet

Population, Employment and Comm

County	Community	TAZ	Industrial Floor Area (square feet)			Retail Floor Area (square feet)			Office Floor Area (square feet)		
			2000	2005	2030	2000	2005	2030	2000	2005	2030
Fairfield	Violet Twp	4512	73,712	72,000	98,524	0	5,687	5,687	0	0	0
Fairfield	Violet Twp	4535	0	1,557	246,416	0	0	0	0	649	649
Fairfield	Violet Twp	4536	0	0	0	460	674	674	0	0	0

Population, Employment and C

County	Community	TAZ	Industrial Floor Area (square feet)			Retail Floor Area (square feet)			Office Floor Area (square feet)		
			2000	2005	2030	2000	2005	2030	2000	2005	2030
Fairfield	Violet Twp	4504	0	3,113	84,631	690	449	0	0	0	0
Fairfield	Violet Twp	4510	8,171	9,578	12,095	0	225	0	2,437	1,299	1,299
Fairfield	Violet Twp	4511	144,145	151,297	201,188	16,923	28,100	28,124	609	5,350	5,360
Fairfield	Violet Twp	4512	73,712	72,000	98,524	0	5,687	5,687	0	0	0
Fairfield	Violet Twp	4516	44,085	41,464	41,464	5,060	8,188	8,188	0	2,813	2,813
Fairfield	Violet Twp	4517	0	0	0	0	989	989	0	1,661	1,661
Fairfield	Violet Twp	4520	26,106	30,000	1,038,723	11,282	12,122	12,122	0	0	0
Fairfield	Violet Twp	4524	0	0	0	0	0	12,844	0	0	995
Fairfield	Violet Twp	4531	6,143	6,737	43,481	506	5,934	5,934	17,007	17,276	17,276
Fairfield	Violet Twp	4532	0	0	154,445	0	958	0	0	332	0
Fairfield	Violet Twp	4533	0	0	900,831	0	0	0	0	0	0
Fairfield	Violet Twp	4535	0	1,557	246,416	0	0	0	0	649	649
Fairfield	Violet Twp	4536	0	0	0	460	674	674	0	0	0
Fairfield	Violet Twp	4537	0	0	35,561	4,827	1,409	1,409	0	594	594
Fairfield	Violet Twp	4538	0	1,500	1,500	1,772	1,731	1,731	680	664	664
Fairfield	Violet Twp	4539	0	0	0	1,610	899	899	0	0	0
Violet Twp Total			**580,457**	**591,374**	**3,132,987**	**348,185**	**534,878**	**609,602**	**241,566**	**269,205**	**293,264**

Sacrifices

- We’re sacrificing the safety of our residents, giving up our rights, and 1/2 of our income tax for a projected 42 acres of development in the next 30 years?

Arcari/McGory Partnership 2020 Update Report

- Here are the top zones as predicted by MORPC by category.

Population and Households

1. 4520
2. 4521
3. 4522

Employment

1. 4522
2. 4520
3. 4521

Industrial Floor Area

1. 4520
2. 4521
3. 4533

Retail Floor Area

1. 4522
2. 4512
3.

Office Floor Area

1. 4522
2.

Arcari/McGory Partnership 2020 Update Report

- The lack of roads large enough to handle any significant economic development will hamper the development of the area.
  - Ie. $$$$ to build roads
- In return, county officials have said they would want a portion of the income tax collected.
  - Ie. Less income tax for Pickerington.
- If there is no coordinated planning by the area partners, there may never be a third interchange at the Pickerington/Allen Road area.
  - NO GUARANTEES for access to areas we hope to develop.
- With population growth pressures, emphasis will be on retail/service opportunities.
  - Direct contradiction to Councilman Fix's statements about future development projects with Violet Township.

Arcari/McGory Partnership 2020 Update Report Continued

- Zone 4512 will be more difficult since it will have limited access to Route 33.
- A significant number of parcels in Zones 4535, 4536 and 4537 will make commercial development difficult in those areas.
- The communities should not look to commercially develop large portions of Zones 4536 and 4535.
  - The VERY zones, within the township and within PLSD, this agreement professes to develop directly contradicts the Arcari/McGory report and MORPC projections!

Conclusion

- City residents pay a .5% income tax if they live in the city and work elsewhere or 1% if the live and work here.
- City residents pay a police levy unincorporated township residents do not.
- City residents pay more income and property taxes than their unincorporated counterparts.
- We **cannot** and **must not** further stress the finances of our families by subsidizing other government entities with their tax dollars.

Conclusion

- We should not enter into agreements that force us to prove our own expenses and add more layers of governmental bureaucracy.
- Flat tax sharing agreements are not in the best interests of our residents.
  - Retail is already a loser for the city, but positive for the schools, in many instances.
  - 50% tax-sharing across the board is unsound.

Conclusion

- This blanket agreement guarantees only the opportunity to “talk”.
- Cooperation with the township is desired but not at the expense of our residents.
- Cooperative agreements need to be evaluated and justified as they are presented, not based on speculation.
- No study, report or projection justifies ANY of the points of this agreement.
  - Not the TischlerBise Study
  - Not MORPC projections
  - Definitely NOT the Arcari/McGory report

Final Words

- It is time to stop siding with political allies and it is time look at this agreement objectively.
- The reality is **NOTHING**, **not ONE** single study, report or projection, supports the assumptions Councilman Fix is making.
- If the position the Township is taking with this agreement and with cooperative development is “my way or the highway” then we MUST choose the highway.
- We must stop bickering over this agreement and get back to working together for the good of our city, our residents and especially our schools.
  - This agreement is poorly designed and must be forgotten.
  - We have many exciting opportunities before us if we can simply put this behind us and move on.
- Any future agreements need to be **analyzed and negotiated** by our professional staff and presented to council, not vice-versa.