

TO: Mayor, Council

FROM: Lynda D. Yartin, Municipal Clerk

SUBJECT: Verbatim Excerpt from December 14, 2006, Service Committee Meeting

DATE: January 3, 2007

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Mr. Sabatino requested a verbatim transcript of the discussion regarding Ordinance 2006-163, "An Ordinance Authorizing the City Manager to enter into a Master Economic Development Agreement with Violet Township regarding Annexation and Commercial Development," that took place during the December 14, 2006, Regular Service Committee meeting. That transcript follows:

Mr. Hackworth: Review and request for a motion to approve a Draft Ordinance adopting the Economic Development Agreement with Violet Township. Is there any additional amendments? I thought I heard somebody willing to make one but—

Mr. Sabatino: Is this the exact same version?

Mr. Hackworth: Well, that's what I wanted, to do some housekeeping here.

Mr. Fix: It's the version that's been voted on by Council once.

Mr. Hackworth: Okay. There was a request at the October Service Committee Meeting for our staff to come up with a version of this and they did. It's got a date here of 11-1-2006 and I'm not quite sure how it morphed into this other agreement. I know we had the work session and a lot of this went before Council and it's somewhat different -- considerably different -- than the staff version. There seems to be some confusion from people that I received calls from of what was voted on. So, I just want to clarify that the staff version has not been moved through Council yet.

Mr. Sabatino: Is that....

Mr. Hackworth: It was a staff version presented, but it wasn't voted on. Okay?

Mr. Sabatino: So the analogy is the staff input is not, or the staff suggestions, are not reflected in the current form as presented? Is that correct?

Mr. Hackworth: Yeah, some of them are, but the major concerns that I think some of us have were not addressed in the Ordinance moving through Council at this time. I guess my question is, I know Mr. Fix has indicated that this was too favorable to the City, the draft ordinance, however, I think we could

get more votes from Council if we were to adopt the staff version and is – I mean, at least it would be a less controversy as far as this Council goes. I know the Trustees probably wouldn't accept it, but maybe we could get some feedback from them what they're expecting, a little more from them.

Mrs. Riggs: And I apologize. I don't have a copy of that. I'm kind of interested in what are the major differences.

Mr. Fix: The primary difference is that—

Mrs. Riggs: The annexation?

Mr. Hackworth: Yeah. The annexations are kind of – we talked about commercial, they didn't restrict anything on the residential. The terms were three five-year periods, I think, and they dropped the rights to conform ... Would you make copies of this?

Mrs. Yartin: Which one?

Mr. Hackworth: (inaudible)

Mrs. Hammond: I think. I'm not sure, but I think--

Mr. Hackworth: Would you make a copy of that one, because I don't think I've got the right one here...

Mrs. Hammond: That is the one we had on Tuesday.

Mr. Sabatino: And also on this topic, I think at some point in time there was a discussion about either side would have the ability to opt out with 120-day notice or something. I don't think that that's in this one either, Jeff.

Mrs. Hammond: I thought that it said that the City could opt out of any—

Mr. Fix: The motion that's been voted on by Council says that with 120 days' notice, within 120 days of the expiration of the first ten years.

Mr. Sabatino: Right. So once you sign it you're in it for 10 years, correct?

Mr. Fix: That's correct.

Mrs. Hammond: I thought it said though that we could opt out at each agreement.

Mr. Fix: We can opt out after ten years or after the second ten years.

Mr. Sabatino: Right. So...

Mr. Fix: Once you sign up it's a ten-year deal.

Mr. Hackworth: Well, I think we're talking two different things here and I think—

Mr. Fix: Mr. Chairman, if I could ask – we've got a proposal already before Council. We've got a proposal before Service Committee tonight. I'm wondering why now we want to go back to a previous version of it.

Mr. Sabatino: We're not. We're just getting clarification of what's in it and what's not, Mr. Fix.

Mr. Fix: Okay.

Mr. Hackworth: Well I have questions for myself, and I've had other people ask me questions, and I think it's important since we've got two members of the press here to verify. Now there is another issue that if a Economic Development or a JEDD is presented to the City, they do have 120 days to either accept or pass on the deal. So, I think that's the other 120-day issue.

Mrs. Hammond: That's the only 120 day issue.

Mr. Hackworth: And, I think the one to opt out is 90 days prior to the ten years.

Mr. Fix: Okay.

Mr. Sabatino: I wasn't sure of the days, but I was pretty sure of the fact it was only at – once you sign up you're in for ten years, ten years, ten years.

Mr. Fix: That's correct.

Mr. Hackworth: Well, the reason I bring this up is, number one, is to clarify there is some questions on what was passed at Council. The second thing is, I thought there was a commitment on your part that you were still open to amendments to this.

Mr. Fix: Right, and there were amendments that we discussed in the work session that were a part of that packet, and I think that those certainly should be considered. Those were fairly narrow in scope to reopen the entire discussion of one versus the other, which we've had that discussion several months ago.

Mr. Sabatino: I was under the impression Mr. Fix that your previous statement said that, you know, once it got to Council that it would get full deliberation on three readings, not – we've got a first reading and that's what we're pushing through.

Mr. Fix: Michael, I'm not trying to push anything through. I'm trying to understand the need to go back to a version from several months ago that we've already worked through and taken some of the pieces of it and put it into the version that's before Council and other pieces of it that are in proposed amendments that have already been before you, so...

Mr. Sabatino: The whole purpose of having Council deliberations is to discuss it at every opportunity that presents itself, Mr. Fix.

Mr. Fix: Right. Michael. I'm not trying to squelch the conversation. I'm trying not to relive the conversation from two months ago.

Mr. Hackworth: So, then, you're saying that there's no way we're going to go back to the staff version or even adopt any of it's points?

Mr. Fix: We've already, Ted, if I remember correctly, taken significant parts of the language of the staff document and other pieces of the staff document and implemented it into what is now before Council. So what, that the final version that I proposed and the version that is now before Council are fairly different in language, not in intent or content, but in language, based on the language that was brought to us by the staff.

Mr. Sabatino: I would say that....

Mr. Hackworth: Well, I disagree with that. The other issue that I thought I read a quote from Mr. Smith in the newspaper about the way we were to share the funds once a Economic – especially an annexation on a commercial development, that we were going to split 50 percent of our revenue with the township on annexations on commercial property?

Mr. Fix: After expenses.

Mr. Hackworth: It says after expenses. That's a very general word. How do we get reimbursed for the 42 percent of Diley Road that's in the township?

Mr. Fix: It's all—

Mr. Hackworth: Nearly \$8 million?

Mr. Fix: It's all defined in the agreement. If you look under 1.2 – well, I'm sorry. If you're talking about annexations.

Mr. Hackworth: It's 2.2, I believe.

Mr. Fix: Yeah, 2.2. Any expenses, which include but are not limited to initial administrative and legal expenses of agreement creation as well as annual administrative, marketing, maintenance and infrastructure improvements. So it's not—

Mr. Hackworth: Well, here's the issue, especially on the west side of the City, we have invested, or will have invested, approximately 8 million bucks into the Diley Road widening and now, for whatever reason, we've made that property economically developable and we're going to have to share those future tax receipts with the township.

Mr. Fix: After expenses, that's correct.

Mr. Hackworth: Why would we do that? That's our taxpayers' money. It was our investments and the township didn't investment anything into it.

Mr. Fix: Well, the township did invest in the Diley Road widening project, not to the same dollar amount that we did. But, again--

Mr. Hackworth: How much did they invest?

Mr. Fix: I think it was \$2 million, I'm not certain of the number. But they--

Mr. Hackworth: They didn't invest that much. That was under a loan from Canal Winchester.

Mr. Fix: Well, they made an investment of Diley Road widening. We'd have to go dig up the facts if you wanted to. The point of the matter is that the critical phrase in this is "after expenses." So that -- we invested 8 million dollars into Diley Road and a portion of that could be said that it applies to any particular development that occurs along Diley Road. And that would be an expense that we would get reimbursed for before there is any split in taxes, right? So the citizens of Pickerington whose taxes have gone to widen Diley Road, would get those expenses paid first by any improvements that happen along Diley Road before there would be any split in revenues.

Mr. Hackworth: That doesn't make sense. And, the reason it doesn't make sense is, north of Busey Road is where Pickerington put their 8 million dollars in. South of Busey Road is where the township...they're not sharing any of that area down there with us.

Mr. Fix: Well, if there is economic development down there, and we're in this program, there would be a JEDD created for anything that happens.

Mr. Hackworth: Most of that's in Canal Winchester.

Mr. Fix: Well, for areas that are in Canal Winchester--

Mr. Hackworth: So that wouldn't qualify. And, also I think in some CETA area doesn't this document limit us.

Mr. Fix: Yes, we won't participate in the CETA.

Mr. Hackworth: So my question to you then is, if they can reserve areas of this township to not be burdened by their neighbors for sharing taxes, why can't we? Why can't we set aside the areas of each side of Diley Road, north of Busey?

Mrs. Hammond: We don't own them.

Mr. Hackworth: We will own them.

Mr. Fix: That land is township land and we don't have the right or the ability to say what goes on on that land until such time as it is developed and a developer wants to annex to the City or, according to this agreement, if they are contiguous. Now there was a Supreme Court ruling that happened today that said cities no longer have the ability to annex right-of-ways, and that may make it a little more difficult for us to annex into places that we may think today that we have the ability to go do that.

Mr. Hackworth: Then that means we're really getting the shaft here then. I mean, we've put a lot of money into that and they're getting the benefits. I mean if you look at the advertisement for the Meijer's store down there, they point to all the rooftops up here in Pickerington and Diley Road is going to be...that's a marketing tool for them down there. And obviously we got thrown out of the CETA talks and now we're...I think we're getting the shaft on this JEDD. Now, obviously if something is out in the township as far as an economic agreement with the JEDD, I don't have to much problems working with them on that, on each individual project, as we can set and put a calculator to it and see if we're going to win or lose on it. But, this stuff that's contiguous with our borders, I'm just really concerned with how much of our hard earned tax dollars are going to be given away to the township. And they haven't invested anything into it.

Mr. Fix: Well, I would, again remind you that the expenses get paid before there's any tax revenue split. So, if it takes 10 years or 20 years, or whatever it is, to pay back the City for its expenses, the township for its expenses, whoever it is, those expenses get paid first and then there's a split of revenues. So, we can't sit here and say that the City will be subsidizing the township, because that is not accurate. That's not an accurate reflection of what's in this agreement. The City will be reimbursed for its

expenses prior to any tax split, so there will be no subsidizing of the township.

Mr. Sabatino: Let me ask you this, Mr. Fix. What do you think the township has done to qualify them to give them the right to receive half of our income tax?

Mr. Fix: They would be automatically including us in any joint economic development district that happens outside of our borders. And, I think that that is significant when there are other potential partners that they could go to and generate more revenue or have a stronger partnership with. They could choose to use Canal Winchester, City of Columbus, Reynoldsburg, Lancaster, Baltimore, any municipality in the area they could use to form JEDDs with and, in some of those cases, generate more income.

Mr. Sabatino: The primary difference there though is any of those other communities you mentioned are not asked to give half of their income tax in advance of any proposed agreement that we decide not to participate in. We have, according to this deal, we have to agree in advance to give up...

Mr. Fix: Because we're guaranteed to participate.

Mr. Sabatino: We're guaranteed to be offered participation in a JEDD that they're defining the terms on.

Mr. Fix: No, Michael, that's not the case. Read the agreement.

Mr. Sabatino: I have read it.

Mr. Fix: Then you would know that it says that the taxes will be split evenly. It's not that they dictate the terms of anything. The taxes will be split evenly after expenses. It's in the agreement.

Mr. Sabatino: Why are we giving up our income tax in advance because we may never get something that would make financial sense to us?

Mr. Riggs: Let me... I'm trying to follow you, Michael. When you say "in advance" to me, this agreement is the framework for us to move to the next step, which is trying to form a JEDD. And, if we agree to participate, then the taxes become an issue.

Mr. Sabatino: No, Heidi...

Mrs. Riggs: We're not giving up anything up front.

Mr. Sabatino: Yes, we are.

Mrs. Riggs: If we decide not to participate in the JEDD, we walk away.

Mr. Sabatino: But, we still are giving them half of anything that we annex. We're giving them half of the income tax.

Mr. Fix: After expenses. That's correct. In exchange for the ability to participate in every single thing they do and split the revenue evenly after expenses.

Mr. Sabatino: But, Jeff, we are not – you can't – you can't look me in the eye and tell me with an honest face that we are in any type of a bargaining position when we've already agreed in advance to what we're giving them just to be -- let them include us in these discussions. We don't have the right to say yes or no other than, I mean, if we say yes, if we say no, we don't participate in this one, but we're still giving them anything else that we've annexed. We should not have to do that.

Mrs. Hammond: On the other hand, we are guaranteed that if anything is contiguous to the City it will be annexed, which we would not have if we don't enter into the agreement.

Mr. Hackworth: I don't think anybody can guarantee that, because I think anything contiguous to the City the property owners are going to have to agree to that.

Mr. Fix: Right. It's all -- everything here is based on the property owners agreeing.

Mr. Hackworth: And, the only place we've got leverage is access points along Diley Road and water, and in some areas water and sewer. So to encourage somebody along Diley Road to annex, it seems to me, our taxpayers and our water and sewer users have provided the infrastructure and the needs... My biggest problem isn't with the JEDD part of this, my biggest problem is the annexation along, especially Diley Road, that we've invested so much money into it and now all this stuff that we were going to enjoy, all these unfunded mandates, a rec center, a swimming pool – we just barely make it on our own on the current tax base on property being developed within our borders. I don't know how you're going to calculate something external to our borders when everything that we've already invested and everything that we might in the future invest in an annexation, we're going to have to give up everything after expenses, but that's also going to delay the revenue stream coming into the City, and time is money and--

Mr. Fix: Wait, how does it delay revenue stream coming into the City? If the City lays out money, the City gets that money back. That's a revenue stream. After the City gets its money back, then we split the remaining taxes.



Mr. Hackworth: Well, if you're paying off expenses, that's not a revenue stream, I would think.

Mr. Fix: Well, sure it is. You take tax revenue in and you use that money to offset your expenses. If there's remaining tax revenue, then you split it. If there's not remaining tax revenue, you wait until the next year and you go on and on and on, okay?. So it's certainly is a revenue stream for the City. It's just a matter of how you use that revenue stream. Are you using it to offset expenses, or are you using it to split with the township?

Mr. Sabatino: Well, Jeff, here's a concern I have. I read in one of the newspapers, I believe it was the Dispatch, where Linda Fersch was quoted as saying our income tax grew by 8percent last year. Now, to me an 8 percent growth is something that I think is certainly not anemic and it's something that I think that we could build a solid future foundation on. And, you know, if this agreement was in place, instead of us realizing that 8 percent, how much would we actually get? Would it be 4 percent or it would be something...

Mr. Fix: It would be In addition to what we're already growing, Michael. So, it would be incremental growth and you, being a staunch supporter of the Police Department, know that even with our 8 percent increase in income tax revenue this year, we're still six policemen short.

Mr. Sabatino: And, Jeffrey, we've been short for a number of years and it's been an administration position not to fund any more than they have. So, that's a shallow argument.

Mr. Fix: No, it's not, Michael. We don't have the money.

Mr. Hackworth: But where – let me intercept. Where is the police being used? Chief Taylor said most of his calls are up and down 256 and so if we put that commercial in on Diley Road, we're going to need even more police...the current budget, the Police Department's budget's usually running twice the increases of...

Mr. Fix: Which would be an expense that you would...

Mrs. Hammond: It would be an expense.

Mr. Fix: It would be an expense that you would recover first. If we bring on additional hours and bring on additional police officers to cover the area that's begin developed commercially as a part of this agreement, that expense would be recovered prior to any split of taxes.

Mr. Sabatino: How are you going to compute that?

Mrs. Hammond: The same way they do for JEDDs all over the state. There are formulas for that sort of thing.

Mr. Fix: If that's the biggest hurdle we've got, that's not an issue.

Mr. Sabatino: That's not the biggest hurdle, obviously.

Mr. Fix: Okay.

Mr. Hackworth: So, you would not consider the staff's recommendation here to reimburse the Township their road and bridge levy on these annexations plus five of the income tax receipts?

Mr. Fix: We have discussed this--

Mr. Hackworth: No, I think we were supposed to come back to this, and it's never been discussed.

Mr. Fix: Yeah, if I could finish. I think that there are valid points of discussion on both sides of that argument. One that says you do an 80/20 split on annexations, one that says you do a 50/50 split on annexations. The concern with doing anything other than a 50/50 split for both JEDDs and annexations is that we – if we do 80/20, for example, on annexations, and it's 50/50 in JEDDs, we would find ourselves in a position of competing with the township and ourselves for developments and whether or not those developments would be annexed or they would be part of a JEDD. If, just as an example, say a developer wants to build a four-story office complex, we would naturally want that office complex to be built contiguous to the City because there'd be a higher revenue stream for the City in that situation where it's an 80/20 split. At the same time, the Township would want it to be in the Township because it's a 50/50 – or in a JEDD area because it's a 50/50 split. So we're naturally, by doing that, creating a competitive situation. And one of the things that Mr. Hansley has said to me several times is that he would very much look forward to the opportunity to work closely with the Township in developing the entire area together. So, I don't know that we want to put ourselves in a position where we're competing directly with the Township for a similar developer because they'll do what developers do naturally, which is to play one entity against the other. So I'm recommending that we stay with the 50/50 split. I understand that there are other opinions on that.

Mr. Sabatino: Jeff, which do you think would be a better scenario? Just factoring out the Township and looking at our primary responsibility of representing the citizens of the City of Pickerington?

Mr. Fix: That's how I've looked at this all along, Michael. And, if you play it out, what naturally would occur would be that a developer would say, "Okay, if you want me to build in an area contiguous to the City so you can annex and get 80 percent of the revenue, then I want A, B, C and D in exchange. I want you to build me a road. I want you to do a TIF. I want you to do this. I want you to do that. Whatever that may be. Or else I'm going to go to the Township and, you only get 50 percent of the revenue." When we're in a situation where it's 50/50 either way then it's...they can't play one against the other.

Mr. Sabatino: What makes you...

Mr. Hackworth: What do they care about our income tax or our... I don't understand what the developer would care about it.

Mr. Fix: If they're going to get taxed either way, they're going to try to find a way to take advantage of the situation and use it to their own advantage. Trust me when I tell you, as a guy who's in part of the development business, that's what we do.

Mr. Hackworth: Okay. The other question I've got...we have on the books an ordinance to reimburse the Township for the road and bridge levy. Are you proposing that we rescind that ordinance?

Mr. Fix: If this—

Mr. Hackworth: If this agreement goes on, I don't see where it says that we're rescinding. Are we rescinding it?

Mr. Fix: If this agreement goes through—

Mrs. Hammond: I don't think it says that anywhere.

Mr. Fix: We did have that in here at some point and I think when we revised it the last time...

Mrs. Riggs: Is it in the City version, General Terms?

Mr. Sabatino: Does anybody know, what does the Township do to earn that money?

Mr. Hackworth: Well, that's what I'm coming around to.

Mr. Fix: Well, I think the reason that the road and bridge levy issue was passed years before any of us were on Council was to stop the annexation wars that were going on between the City and the Township and all the

litigation, and as a way for the City to basically buy the silence of the township trustees. That was years ago—

Mr. Sabatino: I don't think it's working, Jeff.

Mr. Hackworth: 2001.

Mr. Sabatino: I don't think it's working in 2006.

Mr. Hackworth: So would you be willing to—

Mr. Fix: I think if this agreement...

Mrs. Hammond: Mike, I think one of the things everybody's forgetting here is, yes, we are City Council people and we represent the City; but as citizens of the City of Pickerington we are, ourselves, also part of Violet Township. We do get to vote for the trustees, we are the fire department, we are the school system. We are part of the system. We are part of the Township, too, so let's not look at this as us against them. Let's figure out a way that all of us can work together.

Mr. Sabatino: Cristie, the way that this is presented it is us against them, because the — you know as very well as I do — by the population numbers we are just as the descending members of this particular deal in a minority position. On this issue, we're also-- if everyone in the City voted the same way on an issue within the Township, we're still the minority and this will ensure that we always stay in the minority. So let's not kid ourselves about one big happy family holding hands.

Mr. Fix: So the 1,800 homes that we're going to build at 2.3 people per home, that's another what, 4,000, 4,500 people.

Mr. Sabatino: Jeff, how many do you think during that same time are going to be built in the Township? They have just as much stuff platted as well as we do and they're going to have more in the future.

Mr. Fix: That is totally, totally false. That's totally inaccurate. They do not have 1,800 homes platted. To answer your question...

Mr. Sabatino: That's a good question, how many do they have platted?

Mr. Fix: I don't know Michael, why don't you go find out? Right now would be a great time. Ted?

Mr. Hackworth: Now, now, come on.

Mr. Fix: Ted?

Mr. Hackworth: Okay, you were going to answer the question about road and bridge levy.

Mr. Fix: Yeah, I would encourage us to either include language in this agreement, through Mr. Hartmann, to deal with that issue or, once this agreement has passed, be willing to sponsor legislation to rescind that.

Mr. Hackworth: So, what does that effect? When I asked Mr. Hartman about that about a month ago, his concern was that— What are we paying, \$27,000? It was in the budget. \$27,000 in service payments currently for – and Linda Fersch didn't have the exact evaluation numbers, but she estimated \$27,000. Most of that was for previous annexations and I know the Stonecreek Diner and that area up in there was one of them and there was another one that I – we haven't got feedback on. So there was a couple and the timeframe was around 2001-2002. My question, then, if we rescind that ordinance, can we keep that 27,000 bucks that we're currently sending the Township each year?

Mr. Fix: Let me do some more work on that.

Mr. Hackworth: Okay.

Mr. Fix: In principle -- let me say this: In principle, I'm in agreement with you that if we go forward with this agreement and we're sharing revenue with the Township that there's no longer a need for us to do the road and bridge levies.

Mr. Hackworth: Okay. Now, you and I had a conversation a long time ago about how the Fire Department is funded, and one of the conversations I had with Jennifer Readler was – and I've combined this with our Financial Advisor, Bob Cramer, he recommended about a year ago and, well maybe a year and a month ago, that we consider raising our income tax and also replacing some of the funding for our Safety Service. And, at the time, we were talking about the Fire Department -- or the Police Department -- and funding the Police Department with income tax rather than property tax. As I start looking at these numbers with the Fire Department, we have huge property tax levies right now, about seven mills. They are -- I think the original millage on that was 11.55. On a \$200,000 house that's about \$800 a year in property tax. I think even if we raised our income tax in exchange for doing away with that property tax, it would be a cost savings in taxes to our taxpayers. I think this agreement taking away our right to form our own boundaries or even putting any language in there, that they agree to participate in some sort of talks for them to voluntarily to remove, for the City residents anyway, that fire levy is going to kind of lock us into a situation. We're going to have to continue to have our residents pay that

fire levy and we might be able to it more economically with City income tax.

Mrs. Hammond: I can't really see that that many people would be interested in having their income taxes raised if our neighboring communities are anything to go by.

Mr. Fix: Well, Ted, I can't speak for the Township trustees. I can only imagine that their concern is not where the money comes from, but that the money's there for the fire department. So I don't know that they would care if its income tax revenue, or property tax revenue, or sales tax revenue, or any other tax that we can think of. I don't think they care as long as their Fire Department is fully funded at the appropriate level by the City of Pickerington. So I don't want to include it as a part of this agreement, because I think it's a totally separate thing, just as the parks are and all the other things are. But I would – if there's a economically viable way to fund the Fire Department differently than we do today and we think that the citizens of Pickerington are interested in doing it that way, I'd certainly be happy to help you and sit down with the Township to try to make that happen, but I don't think it's appropriate to make it part of this agreement.

Mrs. Hammond: The other thing that we have to take into consideration as far as conforming our boundaries, because I've sat here through all these meetings and numerous times I've heard Mr. Hartmann say we can conform the boundaries as they exist now, assuming you would want to do that, but any future annexations that we should do, we would not be able to conform the boundaries then so they would still remain in the Township, so then we'd have half and half.

Mr. Sabatino: Well, probably it wouldn't be half and half Cristie--

Mrs. Hammond: Well, that was just a—

Mr. Sabatino: That would be a proportion. But, Jeff, I've done my best to leave Mr. Hansley's name out of this deal and you seem to want to quote him and, like yourself, I spoke to him on this issue and I asked him specifically about conforming boundaries and he told me that it was his opinion that that has absolutely nothing to do with this agreement and if someone were to ask him that in public he would so state. Now, my question to you is, what does that have to do with this agreement?

Mr. Fix: It's part of, you know, when you sit down at a table and you want to make a deal with someone, there are things that you want that they have, and there are things that they want that you have, and you work out an exchange of those things to the point that both sides feel that it's an equitable situation. Right? So, what we have that they want is our

residential annexation and our conforming the boundaries. What they have that we want is land that is viable for commercial development. Okay? So, we're exchanging our desire, our rights, to annex residential properties, which I'm okay with; and we're giving up our rights to conform our boundaries, which I'm okay with, in exchange for inclusion in all commercial development that goes on in the Township. And I think that's a fair trade and that's why I brought it before the Council.

Mr. Sabatino: Well, what my question to you once again is, since you so skillfully said a lot of things, but you didn't answer my question, what does-- Mr. Hansley stated that this -- he can't see where this has anything to do with this agreement so -- and I believe -- I could be wrong, but I thought he told me that he told you that, and I don't want to put words in his mouth, maybe he did, maybe he didn't, but what my question to you, Jeff, is, if someone that has all this amount of experience in this area says that he doesn't see the relevance to it, does that not cause you some concern?

Mr. Fix: First of all, I've not heard him say that, so I don't know--

Mr. Hackworth: I have.

Mr. Fix: --I don't know if he said it or not. It's not-- Well, the point of the matter is, as I just explained to you, the Township said, "Here's the things that we want in exchange for what you want." And what they asked for--

Mr. Sabatino: And what you -- what you want was something that was defined by you, correct?

Mr. Fix: No. What I-- no-- what I--

Mr. Sabatino: Who defined what we wanted?

Mr. Fix: The mayor gave me instruction on what we were, what we were going to--

Mr. Sabatino: So this is David Shaver's idea then?

Mr. Fix: No. It's something that he and I discussed at length and worked on together. Okay? What we want is to be included--

Mr. Sabatino: You and David Shaver together?

Mr. Fix: Yeah. And there are people on this Council who believe in that, Michael. Okay? I'm sorry that you don't. Okay? But the point this as a Jeff Fix only thing is just not right.

Mr. Sabatino: No. I know it's not Jeff Fix only thing. It's a David Shaver and Jeff Fix thing.

Mr. Fix: Okay.

Mr. Sabatino: Because David Shaffer was...two years ago had the do not annex and the don't conform the boundaries on this two-year deal that never got ratified because there weren't any JEDDs then to bring forward. So, what my question to you, Jeff, is, you know, what relevance does this particular request of the Township have with the viability of this agreement?

Mr. Fix: I've answered that question twice, Michael. If you can't understand it, I'm sorry.

Mr. Sabatino: I understand your skillful dodging of the answers.

Mrs. Riggs: I look at this agreement as, and I guess it comes down to, for many years this community had a reputation as it's us against them. If you want to talk about conforming boundaries, we will continue to have that kind of relationship or the perception of that relationship. This type of agreement is the opposite of that. It's asking everyone to step forward, have some trust and attempt to work together, because there are things that we need that they have, and vice versa. And part of negotiating is everybody doesn't get what they want. You've got to give something up. And I don't have any problem in saying, "I'm giving up the right to annex residential," because I'm telling you, another high school is coming, it's not far behind.

Mr. Sabatino: Heidi, I'm not saying that we should annex anything residential at this point. All I'm saying is that the City should retain its right to do so and it should not be controlled. Whether or not we do that or anything else, according to this agreement, ultimately falls to the control of two out of three trustees. That is far too much power for any two out of three individuals to have, in my mind.

Mrs. Hammond: Well, I think, though, that that's partially true but, as far as non-commercial annexations, the way I'm reading this, and I could be totally off the ball here, it does say that both parties would have to agree. But I think there's three parties that have to agree, because, first of all, the property owner is going to want to come in and say, "I want to be annexed to the City." Now if they've got a really compelling reason for wanting to be annexed to the City it's going to be in the township's best interest to work with them on that, and I can't believe that they wouldn't consider doing that.

Mr. Sabatino: Well, I think the reason they probably wouldn't is, what's in it for them?



That's what this whole thing is about. Is what's in it for the township and whatever is for the township is to the detriment of the City.

Mr. Hackworth: So, you just uncovered a flaw in this whole situation. We have property on our borders that if they choose to annex or let's say they want to develop houses or whatever, then they don't fall into any of these categories here. If they don't want to annex into the city then they develop out in the township and you obviously can't form a JEDD with residential property, so the township develops residential on our borders and, in fact, this document then gives them that incentive to do residential development on our borders. Because it won't fall under a JEDD and if those people don't want to annex, they get all the inside millage off it.

Mr. Fix: If those people don't want to annex, they're not going to be an annexation any way. And the township has tremendously more incentive to develop commercially on our borders than they do to develop residentially on our borders. If you do the math.

Mr. Sabatino: Why are they so concerned, Jeff, about us not developing residentially? I don't get it.

Mr. Fix: Because, Michael, for the last 10 years this City has a well documented history of annexing like crazy, residential, and building up residential developments that flood our schools, flood our streets, right? And those are township streets and township schools and city schools and city streets. We're all in this together. And, you know, instead of continuing to fight in Court, as has happened over the past five years, they'd like some understanding that we're not going to annex residential property for the next 10 years. Well, given the fact that we have 1,800 homes already in the process, I don't see why we would desperately hang on to our rights to annex for the next 10 years and not give that up when, in exchange, we get to participate in everything they do commercially. I don't understand why we're so afraid for 10 years not to annex residential homes when there's so much benefit on the other side of that.

Mr. Sabatino: Jeff, the benefit is only a potential benefit. There's not one solid—

Mr. Fix: And there's not one solid piece of land that you want to annex residentially today, yet you just desperately want to hang onto that right to do it even though you have no intention of even doing it. You just said it yourself—

Mr. Sabatino: It's the City, you're absolutely right, it's the city's municipal right. Why should that be controlled by the lowest level of municipal government that there is, which is an unincorporated township and it's controlled by two people? Jeff, that's the gist of it.

Mr. Fix: Giving it up In exchange for the gold, Michael.

Mr. Sabatino: Well, the gold may be gold plated which turns green on your arm. In reality you don't know that, Jeff. We're giving up too much for a potentially empty promise in my mind.

Mr. Fix: I disagree with you.

Mr. Sabatino: And that's your right.

Mr. Hackworth: One of the issue that this does not address. Currently the City of Pickerington, our taxpayers have a .6 inside mill levy. I've asked a couple of times what that millage goes for, but it goes to the township. This year if our assessed value increases to \$388 million like it's predicted, our city taxpayers will send the township \$232,000. That's three police officers. I don't know why 40 percent of the township must subsidize the other 60 percent.

Mr. Fix: Explain that again, please?

Mr. Hackworth: We pay, in the City of Pickerington, a .6 mill inside millage and I think it's listed as administrative millage. If you multiply that times the \$388 million dollar assessed value that we're expected to move to in 2007, then that works out that our taxpayers will pay directly to the trustees \$232,000.

Mr. Fix; Ted, I'm going to ask, because I don't...we need to have either Linda Fersch or Ed Laramee here to discuss that, because I'm not real clear on exactly what it is you're talking about.

Mr. Hackworth: It's an inside millage. It's a .6 mill--

Mr. Sabatino: I think the City Manager probably would be in a position to give you a qualified answer on that.

Mr. Hackworth: I've asked Linda Fersch what it goes for and she doesn't know, and I've asked Judy, and I don't know, was it a cemetery or something they--

Ms Gilleland: It's part of our inside millage that we pay the 2 point some mills, .6 goes to the township--

Mr. Fix: And, is that by state law?

Mrs. Gilleland: Yes.

Mrs. Hammond: Yes.

Ms Gilleland: They would argue, or they would claim, that they have administrative costs because we are part of the township, that Bill Yaple will spend time with the Fire Department for instance, things that affect the township and the city and it's just--

Mr. Fix: That's by state law?

Mr. Hackworth: That isn't by State law, that's determined every year by the budget committee, isn't it?

Mrs. Hammond: But all townships and cities have that kind of thing going on. Not just us, it's all over the state.

Ms Gilleland: Right. It's state-wide.

Mr. Sabatino: Do you have any idea, Judy, how much we've given them for this year?

Ms Gilleland: I'm sure it's right around \$200 and some odd thousand.

Mr. Hackworth: I figured it up, about \$209,000 for this year.

Mr. Fix: It's something that's required by state law.

Ms Gilleland: If you are part of your township then you would--

Mr. Sabatino: So, the City of Columbus doesn't pay that to Franklin County?

Mr. Hackworth: No, they don't pay it to any of the townships underneath them because they formed paper townships.

Ms Gilleland: Right.

Mr. Sabatino: Right, that's my point.

Mr. Hackworth: And there's multiple townships there....

Ms Gilleland; We had the same discussions when I was in Centerville, we were a part of Washington Township and we paid them the, I will call it the administrative overhead, inside millage, and it goes into the township's General Fund.

Mr. Sabatino: And, Judy, how much road and bridge money have we paid the township this year?

Ms Gilleland: Our citizens do not pay the township road and bridge...oh, I'm sorry, for those properties that we agreed that we would pay them for annexation?

Mr. Sabatino: How much of a check are we sending to the township for road and bridge money which they are doing absolutely nothing for?

Ms Gilleland: Well we have—

Mr. Hackworth: I think it's about twenty this year

Ms Gilleland: I haven't heard the final figure, but that was part of the annexation agreements that we had years ago.

Mr. Sabatino: That was a conditional—

Ms Gilleland: Presumably, but you can also argue that we've also spend quite a bit of money in attorney fees and that was kind of, you know, calling a truce. So, but our citizens do not pay road and bridge money, only those citizens in the township pay that.

Mr. Sabatino: Right, but we are paying whatever portion of these affected properties, not the entire City, but these impacted properties and that was created presumably to create a spirit of cooperation with the township to get them to quit...

Mr. Hackworth: If they didn't protest, yes, they were paid service payments and they were the road and bridge levies.

Mrs. Riggs: Okay, didn't we already talk about that, because if we're looking at doing this agreement that we would have our attorney look at whether or not we could discontinue that?

Mr. Fix: Yes.

Mrs. Riggs: Okay.

Mr. Sabatino: I think we could, Heidi, it's just a matter of if the township would acquiesce to it or not.

Mrs. Riggs: Well, it would be a test of faith.

Mr. Sabatino: I mean, I don't think that...we would need to check with Hartmann, if the township would say that they're okay with it...

Mrs. Riggs: Well, I think we always want legally to run things by our counsel. That's why we pay them all that money.

Ms Gilleland: Let me have Linda Fersch get you a better description of the .6 inside mills, state law, county budget commission, I know it's very common across the state. So let me get further clarification on that before I'm quoted.

Mr. Hackworth: I have one final issue. Mr. Fix you gave us the devil for voting for this and giving away our rights in 2004, and I think there was a lot of issues in 2004, and it was for only two years.

Mr. Fix: No, it was for 10 years.

Mr. Hackworth: It was for 10 years, but they had two years to create a JEDD, and that didn't happen.

Mr. Sabatino: Right. So, it was not in effect for one day.

Mr. Hackworth: My point is...

Mr. Fix: Wait. It was in effect for two years while you waited to see if it a JEDD happened.

Mr. Sabatino: No, it wasn't.

Mr. Fix: Yes, it was. You weren't able to annex anything for two years so you could see if a JEDD could happen. Mike, you've got to get your facts straight.

Mr. Hackworth: Now, now. My question then is, we did this and I think the best they came up with was this proposal was 3.3 acre, where does this agreement get us to actually create these JEDDs? Obviously, it just seems like to me that we're going to sit here and wait for ten years, and you even admitted that in your opinion that we wouldn't or shouldn't expect any benefits from these JEDDs or this agreement for at least the second 10 year period.

Mr. Fix: Just if I could clarify, what I said was that the significant benefits from this agreement would come in the second 10 years.

Mr. Hackworth: Isn't that what I just said?

Mr. Fix: No, you said that we wouldn't see any until the second 10 years. There's going to benefit from this in the immediate future. The significant benefit will be in the second 10 years. And that's just my opinion.

Mr. Hackworth: Okay, well, that's what I'm worried about, is opinions here. What I'd like to ask is where do we go from here? And I have talked to Jennifer

Readler and we can go out and solicit these property owners and, if they are willing, they can sign affidavits and it can be filed with the deed as a covenant in that deed. And in that affidavit they could commit to entering into a JEDD with whomever, and they could also commit to rezoning to whatever is appropriate. Where are we going to go from here if this passes the way it's written and how are we going to assure ourselves that something is going to happen in the next 10 years? Ten years is a lot more than a two year period and I don't see any movement. Is there going to be some sort of a joint effort, or are we going to hire an attorney to go out and solicit these affidavits?

Mr. Fix: Where we would go from here is that our Development Director would work with the township's Development Director to put together a marketing plan to draw economic development into the community; and they would, I would imagine, work on a master plan to figure out what uses go best in each part of the township, along Route 33, up and down Diley Road, out Refugee Road, and in all the other areas that are viable for commercial development. It would make sense to have an idea as to what should go where and an agreement as to what should go where, and then once you've got that agreement, to then go out and solicit potential developers to come to our community. By doing that jointly, we would share in the costs and share in the benefits. It ties in nicely with the Route 33 effort that we're both a part of. There's a whole lot of good that starts to happen once this agreement's in place.

Mr. Hackworth: What happens if we sign this agreement and Canal Winchester loses or wins their suit in front of the Ohio Supreme Court and they decide to annex that 219 acres down there? What in this agreement prevents that from ever happening?

Mr. Fix: If the Supreme Court decides in favor of Canal Winchester, then that annexation is already in place, so there's nothing that any of us could do that would prevent that, because it already happened. So, I don't know how to answer that question, because it doesn't apply.

Mr. Hackworth: Well, my point is, we don't have power, or any authority, or any guarantee, that we can actually get down there if Canal Winchester decides to annex. The Snider property's already in the Supreme Court and the 92 acres just south of that is likely...

Mr. Fix: The only way the Village of Canal Winchester could annex without Pickerington being included would be if they did so hostilely and not in an agreement with the township. If the township enters into an agreement with Canal Winchester in the areas that have been described by this agreement, then by this agreement the City of Pickerington would participate. So the only way it could happen is if Canal hostilely annexed,

and if they were to hostilely annex there's nothing we could do, there's nothing the township could do about that anyway.

Mr. Hackworth: So you're saying, then, anything outside their CEDA area, there's nothing in their CEDA agreement that would prevent them from annexing the southern half of Violet Township if they so desired?

Mr. Fix: If it's south of Route 33, no, there's nothing that prevents them from doing that if they so desired, other than – if you looked at the homes down there, it would be pretty hard for them to do. North of Route 33, the City of Pickerington would be involved unless it was a hostile annexation. And, again, if it was a hostile annexation, there's nothing the city could do, there's nothing the township could do.

Mr. Hackworth: What's your definition of hostile?

Mr. Fix: When they do it without the township's consent or agreement.

Mr. Hackworth: Okay.

Mr. Sabatino: I would just like to make a comment. I think that – my observation is that we had two years for the township to enter into a JEDD with the Shaver originated agreement on the 310 acre deal, and I find it rather convenient that after they were not successful in doing that, then this master economic development agreement comes up and, you know, I have said all along I have no problem working with the township; however, I think it needs to be looked at when you've got something concrete to be able to evaluate. This gives us absolutely nothing concrete and, to me, this is nothing more than a 10-year extension of the two years that didn't work, in my opinion.

Mr. Fix: Michael, you had the opportunity to work with the township on those three acres and, if I recall correctly, you said things that were as far away from wanting to cooperate with the township as could possibly be said. So, for you to sit there and say that you're interested in cooperating with the township, I've not seen one thing from you, not heard one word out of your mouth, not even heard one change in this agreement or an agreement of your own that would suggest that you really do want to cooperate with the township.

Mr. Sabatino: Actually, Jeff, I have offered things and you, as the sole definer of this agreement, have stated that it was a deal breaker and that was the end of it. In terms of the three acres, 3.3 acres, I didn't feel that that particular situation was worthy of investing in a JEDD. I personally, we've been down this road before, I personally believe that a JEDD should have far more significance than a little 3.3 deal...

Mr. Fix: So, you'll cooperate with the township if you feel like it...

Mr. Sabatino: If it makes to the citizens of Pickerington, Jeff. There was nothing in this...

Mr. Fix: This agreement makes sense for the citizens of Pickerington and you're still spitting in the face of it. So don't sit there and say you want to cooperate with the Township.

Mr. Sabatino: I don't see how it makes sense, Jeff, because you don't have one concrete thing that you can objectively evaluate on this. You've got the potential to be included in a future deal. You have nothing that we can evaluate whether or not it makes any sense.

Mr. Fix: And if I did, Michael, you'd say it doesn't make sense anyway, so we'd be wasting our time.

Mrs. Riggs: Mr. Chairman.

Mr. Hackworth: Yes?

Mrs. Riggs: I'd like to make a motion on this.

Mr. Hackworth: Okay.

Mr. Fix: Is there a second?

Mr. Hackworth: What is your motion?

Mrs. Riggs: We need a second.

Mr. Hackworth: What is your motion?

Mrs. Riggs: I'm making a motion to approve this draft ordinance which is currently at Council and has passed its first reading.

Mrs. Hammond: Second.

Mr. Hackworth: And there's no chance that we can substitute this staff version?

Mrs. Hammond: Well, I don't have the staff one, so I don't know what it says.

Mr. Hackworth: I thought you just got one.

Mrs. Hammond: No, I didn't get one. But, I thought it said the same thing.



Mr. Sabatino: It's nothing like it.

Mr. Hackworth: Okay, any other questions or concerns? Roll call.

Mrs. Yartin: Mr. Hackworth.

Mr. Hackworth: Nay.

Mrs. Yartin: Mrs. Hammond.

Mrs. Hammond: Yea.

Mrs. Yartin: Mrs. Riggs.

Mrs. Riggs: Yea.

Mrs. Yartin: Motion passed, 2-1.