

APPENDIX H



ECONOMIC DEVELOPMENT & PHASING REPORT

ECONOMIC DEVELOPMENT AND PHASING REPORT

The purpose of including an economic development component

As described earlier in the Executive Summary, the new courthouse will be one of the most significant public works undertaken in Franklin County during this century. The completed project will undoubtedly reflect the importance that government leaders place on delivering quality legal services, and how the judicial system will be perceived by our county residents.

From the beginning of the project, there has been continued discussion about the possibility of including an economic development component to complement the civic elements of the project. This discussion was borne out of the fact that the first phase of the courthouse development to be completed in 2010 would leave about one-third of the project site north of the courthouse as undeveloped ground. This undeveloped area is being referred to as "Reserved for Future Use."

Although no decision has been made to commercially develop this reserved area, this is an option that should be studied. This section of the report attempts to define some likely development options. To date, it has been assumed that economic development on this "Reserved for Future Use" area would include both private retail and/or office uses. It is reasonable to assume that any commercial building developed on the site would contain retail uses on the first floor and offices on upper floors. It is also reasonable to assume that residential development would be done as part of separate adjacent developments on other properties not owned by Franklin County. This residential development would be under the direction and vision established for the RiverSouth development district by Columbus Downtown Development Corporation (CDDC) as part of their master plan.

However, at this stage in the process, no consensus has been reached about the exact uses or amount of development that could be appropriate in the "Reserved for Future Use" area adjacent to the new courthouse. Furthermore, no final decision has been reached about the mechanism that should be utilized for commercial development on

county-owned property, although it is assumed that the private sector would be interested.

Even so, the new courthouse and related connections will have an undeniable “ripple effect” on the urban fabric of southern downtown Columbus. The new courthouse will be a pivotal link between the government and business sectors along High Street to the north and the continuation of the businesses and residential developments south of I-70/I-71 within the Brewery District and German Village. The improvements to the I-70/I-71 corridor could also greatly impact the nature of the area, particularly if there is a cap built over the freeway between Front and High streets. The Columbus Downtown Development Corporation (CDDC) views revitalization of this southern corridor, straddled prominently by county and municipal courts and jail facilities, as critical to the success of its RiverSouth mixed-use area.

Some opinions have been expressed that this linkage between the north and south corridors is the single most important reason that a private economic development component should be included in the Franklin County Government Center (FCGC) master plan. The new courthouse and surrounding complexes should not interrupt the flow of people, traffic or civic interaction along High Street, but serve as an energizing force that promotes community participation and constituent ownership of the project.

The idea of including a commercial component as part of the FCGC master plan could provide energy to public plaza areas, provide facility visitors with additional useful services, create a stimulating sense of place, and encourage further investment beyond county-owned property. These are all admirable objectives that would position the FCGC as a catalyst for increased employment, entertainment, cultural and living opportunities in the area. This invigorated environment could be a stark contrast to some government facilities that are designed as secluded, stand-alone projects that serve only the people who work there and those who are required to visit.

Of course, there is also the sentiment that including an economic development facet into the FCGC master plan provides another, equally important benefit. This benefit would be the creation of a revenue stream to the County for years to come.

This revenue stream could be important to the long-term budgetary considerations of the county.

Considerations for including economic development

In making the assumption that a private development component should be included for fiscal and civic reasons, many other considerations make the execution of this more problematic. Heightened security issues, and the sense of civic presence required of a courthouse virtually mandate that any commercial retail or office uses be in a building(s) separate from the new courthouse facility. Combining major commercial uses with courthouse operations could create significant logistical, safety and liability issues.

Although commercial development proximity to the courthouse would be necessary to promote synergy between uses, locating the development too close to the new courthouse also could create issues related to parking, pedestrian access, future government mandates, ability to expand the courthouse, unidentified security risks and perceived marketability of the property for use by private sectors.

The new courthouse facility should be the dominant feature in scope and architecture at the development site. It is probable that any commercial development adjacent to the courthouse would not exceed four to five stories or roughly 56'-70'. Therefore, the courthouse's height at 140' or taller would ensure that the courthouse would remain the visual focal point of the vicinity.

Any massing of buildings on the block between Main Street and Mound Street will occur in phases that permit completed phase one construction of the new courthouse in 2010. The courthouse will be positioned near Mound Street, with a plaza at the southeast corner of the property at the intersection of Mound and High streets. Although current facility programming and budget indicates that the entire city block is not needed for

Franklin County use in the foreseeable future, the county could require additional expansion of its facilities at some date after the timeframe considered by this Master Plan.

Future expansion of the courthouse in phase two would be westerly towards Front Street. However, until an expansion of county facilities is needed, it is important to undertake the development of the courthouse site so that it appears to be a "finished" project from completion of the initial phase. Completing the site in a fashion that depicts incomplete phases over an extended period of time will not create the sense of linkage between the north and southern downtown sectors that is so highly desired. It could also give the public a sense of unfulfilled benefit.

Upon the completion of courthouse, the available "Reserved for Future Use" area north of the courthouse is estimated at 50,000 to 52,000 square feet. This area will be given a completed look with grass and perhaps trees, but there will not be a great amount of amenities at this site that would have to be removed upon its future development.

With more than an acre available for future use, the square footage for commercial purposes could be substantial. At this time, it is envisioned that there could be between 150,000 and 250,000 square feet of building spaced developed. Two options have been provided in this report, identified as 'Option One' and 'Option Two.' Option One depicts two separate buildings with plaza space between. Option Two depicts one building with a plaza area at its southwest corner. These graphics do not suggest any redevelopment of adjacent properties, and are based on the Riversouth district plan being developed by the CDDC.

An attractive aspect of economic development for the courthouse block is the location on underused property in the City of Columbus Downtown District. The reuse of available property in a previously developed urban area aligns well with Franklin County policies that encourage sustainable development.

This district has no requirements in place for provision of on-site parking. However, some sort of limited, controlled access underground contract parking as part of the economic development project could be utilized by executive or commercial tenants of any commercial buildings developed.

Property taxes

Regardless of the agreements eventually established for the development of the "Reserved for Future Use" area, there would be a property tax liability for the property because it is being used for commercial gain. If a 150,000 square foot building were constructed at \$150 a square foot, the construction value would be \$22.5 million. This translates into a tax valuation of about \$7.88 million.

A similar, privately owned building would have a tax bill at 2005 effective Columbus/Franklin County rates would be about \$525,000. Of that amount, about \$107,287 would be the county's portion.

If the commercial building is privately owned, it could be expected that the developer/owner would request a tax abatement for at least a portion of the property taxes. This would impact the tax and TIF receipts.

Of course, if the county owned the commercial building, the government would in effect be paying itself the taxes. However, those funds could still be diverted into a TIF fund.

Employment

Although the county does not receive income tax, there certainly would be spin-off benefits from the increased wealth and retail activity that occurs in the area.

It is generally accepted that there are 1.5 employees for each 1,000 square feet of retail space. At an estimated 50,000 square feet of retail space, the first floor could be expected to employ approximately 75 people. At an average retail salary of \$25,000, approximately \$1.875 million in annual payroll would be generated by the retail component. A 2% Columbus income tax rate would generate \$37,500 for the city.

It is generally accepted that there are 4.0 employees per 1,000 square feet of office space. At an estimated 100,000 square feet of office space, floors two and three could be expected to house 400 employees. At an average salary of \$50,000, approximately \$20 million in annual payroll would be generated by the office component. A 2% Columbus income tax rate would generate \$400,000 annually to the city.

Although the city is not obligated to share this income tax revenue with the county, it may be advisable that the county approach the City of Columbus to establish a relationship for diverting this revenue stream to the associated area improvements.

Sales Tax Revenue

It is very difficult to estimate retail sales and corresponding sales tax revenue because the nature of retailers and their individual success vary so widely. However, with the conservative assumption that the average retailer in a downtown setting would have annual sales of \$200 per square foot, a 50,000-square-foot retail environment would generate \$10 million in sales annually. In 2008, with a county sales tax rate of 6.75%, about \$675,000 would be generated in new sales tax. The county's retained portion of .75% would generate about \$75,000 annually to Franklin County.

Design Standards

It is recommended that design standards for any economic development be based on the design recommendations elsewhere in this Facilities Master Plan, including the specific recommendations made regarding exterior materials, scale, detail, and so on. The economic development construction should defer to, and be complimentary of the new courthouse.

Possible scenarios for including an economic development component

Regardless of size and shape of an economic development component, there could be important financial benefits to the county in addition to the social and civic advantages

created. Some of the options available to the county to encourage commercial development include:

- Sale of property to a private developer for their project
- Leasing of land to a private developer for their project
- Entering into a public/private partnership with a developer by which the county has an equity stake in the commercial development
- The county undertaking the development itself as owner of the facility

Naturally, each scenario has its own set of advantages and disadvantages as far as immediate or long-term revenue stream and risk. However, it is expected that the county would want to retain as much control over the "Reserved for Future Use" area as possible so it may be able to utilize the development to meet its own future growth needs. Also, the county's retention of the property matches the long-term intent of the original purchase agreement.

One strategy that could be used to provide the county with the opportunity to consider numerous options would be to develop a Request for Proposals for release to the development community.

The RFP could be structured to encourage private developers to offer responses that would permit continued county ownership. It is likely that various developers would have different tolerances for investment risk and return on investment. The primary factors that will impact the risk and return are the cost of private development and the commercial retail and office markets at the time of the RFP release. As part of the RFP request, the county may wish to stipulate that any anticipated economic development must comply with county policies on sustainability, fair labor, etc.

The county should not intend to provide excessive incentives for the development of the commercial area, beyond those incentives that are already made available to the private sector in the area. Ideally, the future development area would be considered to be 'on an even playing field' with other commercial properties in Downtown Columbus.

It may be appropriate for the county to consider the development of the "Reserved for Future Use" area to be handled through a Community Improvement Corporation (CIC), which is given direction by the Franklin County Economic Development Department. At the time the county decides to make the land available for commercial development, whether during the construction of the courthouse or after, a CIC could handle the RFP process and make decisions regarding the best and highest use of the property and the agreement by which that is achieved.

The CIC utilized for the commercial development of the excess land should be one that is specifically focused on utilization of not only this parcel, but others that may be owned by the county in the downtown area. This will ensure that the stated mission of this CIC is specifically aligned with the goals of RiverSouth and CDDC. Utilizing a CIC that is focused on downtown and under the direction of the county's economic development director will also ensure the consideration of market forces unique to the courthouse site and other properties owned by the county. While creation of a CIC is not particularly difficult, it can be time consuming, and should be considered well in advance of any anticipated need. Having a CIC in place does not obligate the county to act within a given timeframe. The required annual report can simply state "no action" in meeting the reporting requirements.

Public Use

In addition to the new courthouse, one additional potential use of a portion of the courthouse block is for long term public use. We recommend the county maintain the option of a viable building site on the north end of the courthouse block, even if some destination public use space is desired. We see the potential need for additional Franklin County space in the downtown government center at some point in the future. The area north of the planned courthouse, and a southern portion of Dorrian Commons/annex are the two most viable locations for a future public building. The original site purchase agreement stipulated a "Park" located and sized by Franklin County. The proposed design shows such a "Park" space at the southwest corner of the block. This space is envisioned as a green space open to the public, and could be used as an informal amphitheater, outdoor seating, display of outdoor art, etc.

Should Franklin County desire to create a more visible “destination” place, we recommend coordinating planning efforts with other stakeholders to obtain a better overall result, perhaps linking up space uses and functions from the courthouse block with other properties not controlled by Franklin County. One link-up option would connect such destination space with the planned Scioto Mile Park. If the available site area was considered for destination public use, it would be appropriate to consider issuing an RFP requesting proposals that could be reviewed and evaluated by Franklin County. Proposals could be selected based on a number of factors, including their interest, excitement, financial feasibility, and ability to create a destination.

Summary

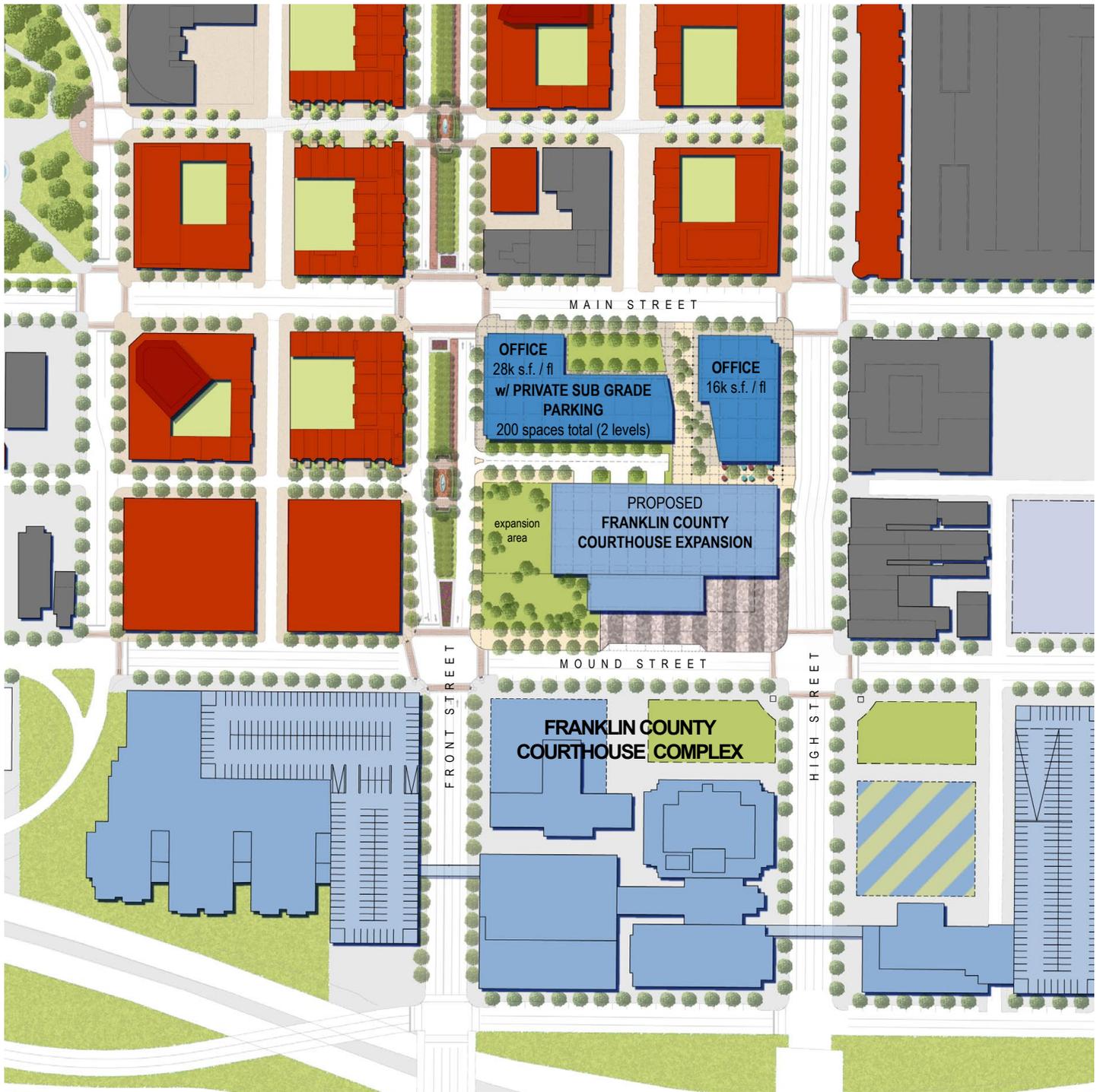
In summary, there are significant positive impacts that could result from the addition of a commercial retail and office component on the “Reserved for Future Use’ area north of the new courthouse and perhaps other parcels owned by the county. Some of these include providing increased retail, dining, employment, and perhaps even entertainment opportunities in the area. The sense of revitalization and investment would continue to promote the efforts of establishing the RiverSouth area as a dynamic and energetic place to live and visit.

The commercial development on county-owned property should be approached with the following issues at the forefront:

- Creation of a commercial project that encourages visitation and usage by the largest number of Franklin County residents and visitors
- Creation of a commercial project that contributes to the sense of community pride and spirit envisioned in the Franklin County Government Center - Facilities Master Plan
- Integration of a commercial project sensitive to current and future county and municipal environments to ensure compatibility, safety and efficiency
- Selection of a program for development that ensures fiscal feasibility, long-term viability and near-term marketability for the county and private investors

Recommendations

- Plan the courthouse block (bounded by High, Mound, Front, and Main streets for significant future expansion of the courthouse footprint.
- If any economic development components are to be constructed on the courthouse block, locate them to avoid diminishing the presence or importance of the new courthouse. The civic importance of the courthouse requires that it be complemented by any new development without detracting from it.
- All development should comply with the design standards envisioned in the Facilities Master Plan.
- Include projected needs for parking in any decisions regarding economic development components.
- As a next step, Franklin County could consider creating a Community Improvement Corporation to handle any commercial development at the "Reserved for Future Use" area north of the courthouse site or for other County properties in the downtown area. At some point in the future, the CIC could issue a Request for Proposals from the development community. This approach would allow Franklin County to accept the proposal offering the most value while controlling how the property is used.



Option ONE

site plan | 0 | 50 | 100

Development Elements

1. Office Building Footprint = 44,000 s.f.
2. Optional Private Subgrade Parking Provision = 200 cars
3. Public Plaza & Courtyard

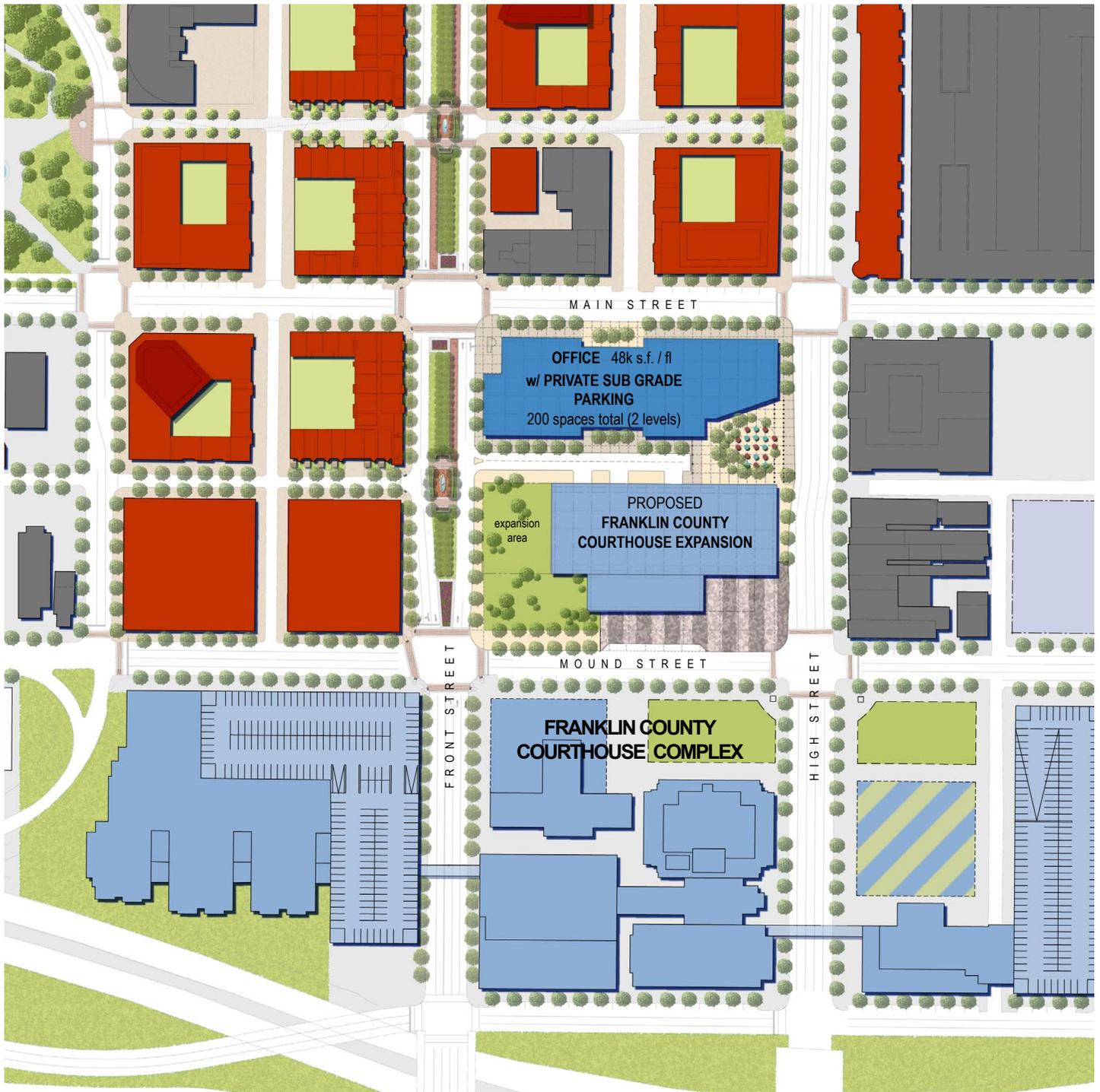
Development Summary

- 4 st. = 176,000 s.f. parking demand = 704
- 5 st. = 220,000 s.f. parking demand = 880
- 6 st. = 264,000 s.f. parking demand = 1,056
- 7 st. = 308,000 s.f. parking demand = 1,232
- 8 st. = 352,000 s.f. parking demand = 1,408



Franklin County Courthouse

Development Capacity Study
17 July 2007



Option TWO

site plan | 0 | 50 | 100

Development Elements

1. Office Building Footprint = 48,000 s.f.
2. Optional Private Subgrade Parking Provision = 200 cars
3. Public Plaza

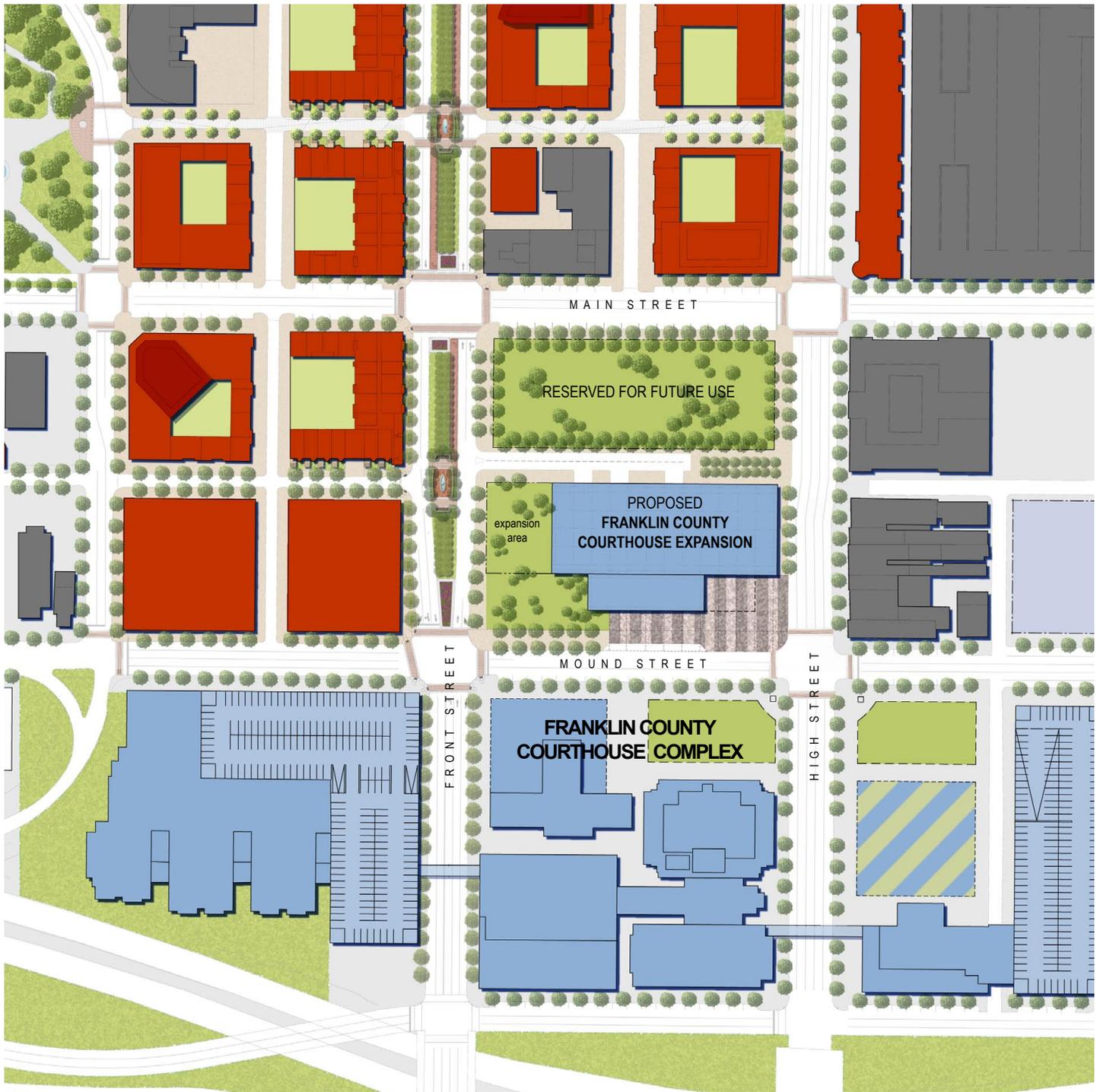
Development Summary

- 4 st. = 192,000 s.f. parking demand = 768
- 5 st. = 240,000 s.f. parking demand = 960
- 6 st. = 288,000 s.f. parking demand = 1,152
- 7 st. = 336,000 s.f. parking demand = 1,344
- 8 st. = 384,000 s.f. parking demand = 1,536



Franklin County Courthouse

Development Capacity Study
17 July 2007



Courthouse Completion Site Plan

Development Elements

- 1. Area Reserved for Future Use +/- 50,000 s.f.

