NOTICE OF WORK SESSION
DELAWARE CITY COUNCIL
MEETING TO BE HELD VIRTUALLY VIA CISCO Webex **
MONDAY, MARCH 1, 2021
6:30 P.M.

AGENDA

1. ROLL CALL

2. PRESENTATION of Delaware Real Estate Market Assessment – Pete DiSalvo, DiSalvo Development Advisors

3. DISCUSSION on Community Aggregation
   A. Presentation from Scioto Energy – Greg Bechert, Managing Partner at Scioto Energy and Fritz Drake, Business Development Manager at Scioto Energy
   B. Presentation from Northeast Ohio Public Energy Council – Chuck Keiper, Executive Director of NOPEC

4. DISCUSSION on Sewer Utilities Services for Evans Farm

5. NEXT WORK SESSION – April 5, 2021

6. ADJOURNMENT

** This meeting will be a virtual meeting. Residents are encouraged to view online through the City of Delaware Facebook page. To comply with the CDC recommendation prohibiting group meetings, no in person attendance by Council, staff, or the public will be available.

EST 1808
CITY OF
DELAWARE
OHIO

MEMORANDUM

TO:	Mayor and Members of City Council
FROM:	R. Thomas Homan, City Manager
VIA:	Kyle Kridler, Assistant City Manager
DATE:	February 25, 2021
RE:	City Council Work Session Overview

For the upcoming City Council work session on March 1, 2021, Council will here presentations on three different topics. The Delaware Real Estate Market Assessment, Energy Aggregation, and discussion around the utility services to the Evans Farm development. Further information on each one of these items is provided below.

Real Estate Market Assessment

Presentation provided by Pete DiSalvo, Di Salvo Development Advisors. This will be a PowerPoint, which will highlight the market assessment recently completed. A cover memo (attachment 3) along with the market assessment and presentation (attachments 4 & 5) are provided.

Community Aggregation

Staff's report on energy aggregation can be found as attachment 6.

Greg Bechert, Managing Partner and Fritz Drake, Business Development Manager at Scioto Energy will provide Council with an overview of how the city purchases power, and their perspective on aggregation. Background on the City's relationship with Scioto is provided in attachment 7.

The second part on this topic will be a presentation from Chuck Keiper, Executive Director of NOPEC, the Northeast Ohio Public Energy Council. NOPEC is a Council of Governments which provides aggregation for 240 Ohio Communities. Presentation is provided as attachment 8.

Sustainable Delaware is expected to provide public comment at the March 8 City Council meeting regarding their position on energy aggregation. Their letter from January 31 can be found as attachment 9.

Evans Farm

Staff will provide Council with an update and have further discussion on utility services to the Evan Farms development. This was the annexation request that was denied by Council in February of 2020.

EST 1808
CITY OF
DELAWARE
OHIO

MEMORANDUM

TO: TOM HOMAN, CITY MANAGER
FROM: SEAN HUGHES, ECONOMIC DEVELOPMENT DIRECTOR
DATE: 2/23/2021
RE: CITY OF DELAWARE REAL ESTATE MARKET ASSESSMENT

The Economic Development team is pleased to present to you the City of Delaware Real Estate Market Assessment. This tool is regularly requested by developers as we work on office, mixed-use, industrial and retail projects. Therefore, we engaged DiSalvo Development Advisors (DDA) to conduct this important study on our behalf.

A real estate market assessment is a tool that looks at current market conditions including community demographics (including labor force), inventory, rates, occupancy, etc. and utilizes that information to provide a feasibility analysis for future development. This is information that allows a community and developers to partner in making informed investment decisions. As a community, it assists in answering the question of how we best use infrastructure and incentives to support projects that will have the most positive impacts on the City of Delaware and its residents.

This information will help us to better understand the focus areas and goals identified in the Comprehensive Plan update. With that being said, these assessments are a point in time snapshots. To accurately evaluate our work as we move into the future, we should conduct a new real estate market assessment at least every five years.

Pete DiSalvo, President of DDA, will be presenting his findings at the Monday, March 1 City Council Work Session. Pete has been working in the industry for more than 20 years and has provided market research analysis, strategic planning, and development consultation for various real estate projects in 46 states. The Real Estate Market Assessment is attached as a PDF file.

CC: City Council
Justin Nahvi, Finance Director
Natalia Harris, City Attorney
Bill Ferrigno, Public Works Director
Blake Jordan, Public Utilities Director
Dave Efland, Planning and Community Development Director

Real Estate Market Assessment

City of Delaware, Ohio



Prepared For:

The City of Delaware Economic Development Department
Director & Business Concierge Sean Hughes
1 Sandusky Street
Delaware, Ohio 43015

January 19, 2021

DiSalvo Development Advisors, LLC | www.DDAdvise.com | 614.260.2501

TABLE OF CONTENTS

I. Executive Summary 1

II. Housing Market Conditions 9

Multifamily Apartments 10

For-Sale Housing 14

III. Commercial Market Conditions 20

Retail/Restaurants 20

Office Space 23

Lodging 25

IV. Industrial Market Conditions 27

V. Demographic & Economic Analysis 30

Area Demographics 30

Economy 35

VI. Locational Considerations and Conclusions 42

I. Executive Summary

DiSalvo Development Advisors, LLC (DDA) has analyzed the residential and commercial market conditions in the City of Delaware to identify market-supported development opportunities in several targeted areas identified by the city.

The City of Delaware's employment profile no longer matches that of their residents. The dominant blue-collar resident population of decades ago has shifted to two-thirds of the population now in white collar occupations, matching the employment profile of Franklin County residents. The shift coincided with the commercial development of the Polaris area in southern Delaware County. As a result, the labor pool for the city's existing employment sectors is shallow and growth has been reliant upon attracting out-of-town workers. A thoughtful development strategy with unique land use can set the foundation to attract more business types who are more representative of Delaware's current residents.

It is DDA's opinion that a market exists at varying levels for all types of commercial and residential (re)development throughout the city. A summary of key market findings by development type and market-supported development opportunities by area follows:

Rental Housing

Inventory: DDA surveyed 24 apartment properties (50 or more units) totaling 3,171 units. A proposed 178-unit apartment development in Coughlin Crossing, named Coughlin's Crossing Apartments, was recently approved by the City of Delaware.

Occupancy: 97% occupancy level among market-rate properties, including two properties in initial lease up. No vacancies were found among the six low-income and subsidized housing developments surveyed. Waiting lists range from 14 (Georgetown Senior) up to 108 households (Arthur Place).



Redwood

Rent Levels: Upper-quartile rents range from $935 to $1,175 for one-bedroom units and $1,195 to $1,715 for two-bedroom units, yielding rents per square foot of $1.32 to $1.39 for a one-bedroom unit and $1.09 to $1.23 for a two-bedroom unit (rents at age-restricted Burr Oak not included).

Demand: A five-year projected growth of 1,289 renters from 2020 to 2025. There will be an estimated 3,727 renter households with incomes above $40,000 by 2025. DDA expects a site-specific market-rate property to support 186 to 260 units. Based on the five-year market-rate potential of 590 units, the market can absorb up to three market-rate projects over the next five years (source: *Residential Market Analysis*, Randall Gross).

There are an estimated 2,743 renter households with incomes below $40,000, representing demand for additional affordable housing in the market. The Residential Market Analysis estimates demand for 360 to 600 units within this income group. The Low-Income Tax Credit program represents the most likely vehicle to develop additional affordable housing.

Priority Locations: Downtown Area/Riverfront; Southeast; Southwest (see page 7 for map)

The downtown area has a healthy-to-vibrant mix of commercial uses and offers a tremendous opportunity to attract renters and achieve rent premiums (refer to page 34 for more detail). The riverfront area is adjacent to downtown and considered an easy and convenient walk.

For-Sale Housing

Single-Family Sales Activity: The City of Delaware had nearly 1,000 home sales from August 2019 through July 2020 (source: Delaware County Auditor).

Home Sale Price	Existing Home Resales	New Home Sales	Total Sales	Share of Sales
Less than $100,000	33	-	33	3.4%
$100,000 - $149,999	63	-	63	6.5%
$150,000 - $199,999	89	-	89	9.3%
$200,000 - $249,999	188	25	213	22.1%
$250,000 - $299,999	133	82	215	22.3%
$300,000 - $349,999	62	80	142	14.8%
$350,000 - $399,999	36	70	106	11.0%
$400,000 and Higher	35	66	101	10.5%
Total	639	323	962	100.0%
Average	$242,562	$316,219		

New Subdivision Sales Rates: The Communities of Glenross average 5.6 homes sold per month. The next highest sales rates are three homes per month among two of the lowest priced subdivisions in the city: Enclave at Adalee and Lantern Chase.

Condominium Activity: Condominium development has been limited in the past decade with construction in only two developments: Lakes at Cheshire and Landings at Glenross. Both developments are located in Delaware's southeast area and began selling in 2006/2007, during the Great Recession, with sales and ongoing construction nearly nonexistent until 2012-2013.

Since 2017, sales levels at Lakes at Cheshire have reached at least 15 each year.

Condominium Sale Prices: The peak sales at Lakes at Cheshire were 19 in 2019. The 15 new sales in 2020 ranged in price from $245,000 to $310,000. One newly constructed home is currently listed as available for $309,987, including a $140 monthly association fee.



Lakes at Cheshire

Demand: The City of Delaware is projected to have an increase of 2,454 homeowners from 2020 to 2025. Owner households of one- to two-persons represent slightly more than half the homeowners in the City of Delaware, bolstered by one-fourth homeownership by householders age 65 and older. The high share of older adult homeowners and limited condominium offerings indicates an untapped condominium market. It is DDA's opinion, development of attached ranch or villas would receive strong market response throughout the city.

Priority Locations: Southeast and Southwest

The Southeast area of the City of Delaware will continue to lead for-sale housing development bolstered by its location in the popular Olentangy School District.

Retail/Restaurants



Inventory: DDA identified nine multi-tenant shopping centers in the City of Delaware totaling 1,131,018 square feet. Forty-five percent of the shopping center space had been built since 2000. DDA identified 225 retail and restaurant businesses within the City of Delaware operating within an estimated 1.3 million square feet of retail space (shopping center and stand-alone retail).

The downtown area has 36 (37.1%) of the city's 97 restaurant and drinking places.

Occupancy Rate: The estimated shopping center retail vacancy rate in the City of Delaware is currently at 11.2%. This is considered a moderate vacancy rate, comparable to the Columbus retail market.

Lease Rates: Prevailing lease rates in the market range from $8 per square foot (triple net) for large retail spaces and $16 to $20 for typical retail stores of 1,000 to 2,000 square feet, depending on the age and quality of the space.

Demand: The City of Delaware residents will have an estimated retail trade spending potential of $700 million by 2025, approximately $100 million above current estimated retail spending, of which $55 million represents retail trade excluding automobile and online sales.

The trade area has a population 10,000 above the City of Delaware and in 2017 has current sales potential of $650 million, of which approximately $425 million are non-automobile sales. The trade area consumer spending potential is 80% of local estimated sales. The non-automobile spending potential in the trade area is projected to increase to $477 million by 2025.

The potential unmet demand for the $90 million retail spending could generate approximately an additional 210,000 square feet of occupied retail space in the City of Delaware.

Estimated restaurant sales per square foot in 2017 were $319 per square foot. This is considered a healthy overall sales per square foot amount. DDA projects restaurant spending power within the local trade area will reach $87 million by 2025. Assuming 80% of the restaurant spending occurs in the trade area, at an average of $325 per square foot, in the next five years there is potential to support another 50,000 square feet of food and beverage space in the City of Delaware.

Priority Locations: Proximate grocery-anchored shopping centers; Destination restaurant, brew pub, or brewery with tap room in Southwest can expedite a mixed-use development in the southwest area of the City of Delaware.

We recommend limited placement of additional restaurants in the downtown as there is already a vibrant mix of restaurants in the downtown area. A disproportionately high share of restaurants can adversely impact other retailers as lease rates increase and there is a lack of new space for other resident and visitor-oriented uses.

Offices

Inventory: DDA identified approximately 450,000 square feet of office space in the City of Delaware within buildings with 5,000 or more square feet. Medical office buildings represent 40% of the office market, many of which are owner-occupied buildings. Overall, the available office spaces in the city are small and, except for a flex office space, we were unable to identify any modern contiguous office space of 5,000 or more square feet.

Occupancy Rate: The overall occupancy rate of leasable office space is estimated at 80%, comparable to the regional office market.

Lease Rates: The city's largest general occupancy office development is a 31,346-square-foot multi-tenant building located at 3769 Columbus Pike. The building was constructed in 2005 and is 80% occupied with vacant space available to lease at $18.95 per square foot, full-service (all costs except cleaning and trash collection).

Modern office space is available at the PNC building in the downtown is available to lease for $20 per square foot (full-service). Older office space without parking is generally full-service in the low-to mid-teens per square foot.



3769 Columbus Pike

West Medical Center is an 23,782-square-foot medical office building at 460 W Central Avenue. The property was built in 2007 and there is currently 5,132 total square feet available for lease up to $16 per square foot, triple net (tenant responsible for all ongoing costs).

Demand: According to the Ohio Department of Job and Family Services', *2026 Job Outlook, Columbus Metropolitan Statistical Area,* the two most disproportionately low shares of businesses in the city are among the region's most rapidly growing sectors: Financial Activities and Professional/Business Services. These growing employment sectors operate in typical office environments, a limited real estate alternative in the City of Delaware. If the City of Delaware could capture 2.5% or 320 employees of the regions additional 12,782 employees projected within Financial Activities and Professional/Business Services growth, the market would support 70,000 to 80,000 square feet in the next five years.

A growing number of "white collar" employees have moved into the City of Delaware over the past two decades. With limited office space available, most residents commute outside the city to work.

COVID-19 caused a rise in office vacancy rates nationwide as many worked from home. In DDA's opinion, the office market will rebound post-COVID as people and employers feel safe to return to the workplace. According to Gensler Research Institute's *US Work From Home Survey 2020*, 88% of workers want to return to work in the office. The survey also cited that workers desire more space and designated desks for social distancing, a reversal of the prior trend of a high-density, shared-desk workspace environment that will positively impact the office market.

Priority Locations: Southeast, near restaurants; Downtown/Riverfront; Southwest (long-term, pending placement of restaurants)

Hotel

Inventory: There are four lodging properties in the City of Delaware totaling 193 rooms (excl. two B & Bs), 7.2% of Delaware County's lodging room inventory totaling 2,686.

Occupancy Rate: The overall occupancy rate is projected in the low- to mid-60 percentile, based on aggregate revenue.

Daily Rates: The City of Delaware has the oldest and lowest priced lodging stock in the county. Properties have published single-room occupancy room rates of $55 to $71.


Baymont Inn

Based on a macro-assessment of the lodging market, there is demand for a higher-priced hotel in the City of Delaware. The lack of quality lodging alternatives is resulting in visitors opting for overnight stays in Polaris and other areas outside the city.

Priority Location: Downtown

Downtown offers the greatest concentration of restaurants in the city and adjacent Ohio Wesleyan University (1,426 enrollment). The downtown is also directly accessible via US Highway 23.

Industrial

Inventory: DDA identified 6.5 million square feet of industrial buildings in the City of Delaware. The majority of industrial buildings, especially manufacturing and distribution, are owner-occupied facilities.

Occupancy Rate: The overall occupancy rate is high with just a total of 168,195 square feet of warehouse space and an estimated 18,000 square feet of flex space available to lease.

Lease Rates: The warehouse and flex space lease for $3.25 and $7 per square foot (NNN), respectively.


Symmetry II Building, flex space – 105 Innovation Drive

The new flex industrial development in the Innovation Center has attracted a wider range of business sectors than the traditional industry. Businesses in the Information and Professional, Scientific/Technical Services sectors (NAICS codes 51 and 54) can be accommodated by a higher share of office space with the flexibility for other uses in the raw warehouse area of the property. The properties along Innovation Drive are marketed as a "tech" hub targeting companies with research and development. According to the National Science Foundation, 30% of the domestic research and development spending occurs within these sectors.

Priority Locations: Flex space North of US Hwy 42; Light Manufacturing/Assembly along the Pittsburgh Drive Corridor/Airport

Employment

Labor Force: The City's resident labor force has increased approximately 60% in the past two decades totaling more than 21,000 employees and accounting for one-fifth of Delaware County's resident employment base.

The substantial growth in the local labor force was largely among residents with white-collar occupations, many of whom today must commute outside the city for work.

The modest business growth that has occurred in the manufacturing, construction, transportation and warehousing has been reliant on employers attracting more than half of its workforce from the surrounding counties.

Major Employers: The City of Delaware has 12 major employers with more than 200 employees.

FIRM	EMPLOYEES	INDUSTRY
Ohio Health (Grady Memorial Hospital)	1,500	Healthcare
Delaware County	1,091	Government
Kroger Great Lakes Distribution Center	680	Logistics
Delaware City Schools	646	Education
Ohio Wesleyan University	576	Education
Advance Auto Parts Distribution	406	Logistics
Vertiv	347	R&D/Testing
PPG Industries, Inc.	330	Manufacturing - Automotive Aftermarket Paints
City of Delaware	301	Government
Domtar/AHP	290	Manufacturing - Diaper and Hygienic Products
JEGS Automotive, Inc.	250	HQ/ Call Center/ Logistics/ Racing R&D
Liberty Castings	234	Foundry

Source: City of Delaware Economic Development

The labor force also supports major employers in the outlying areas of Delaware County, such as JPMorgan Chase & Company, Anthem BlueCross BlueShield, McGraw Hill, DHL Express, SHOWA and Optum.



Grady Memorial Hospital - Ohio Health

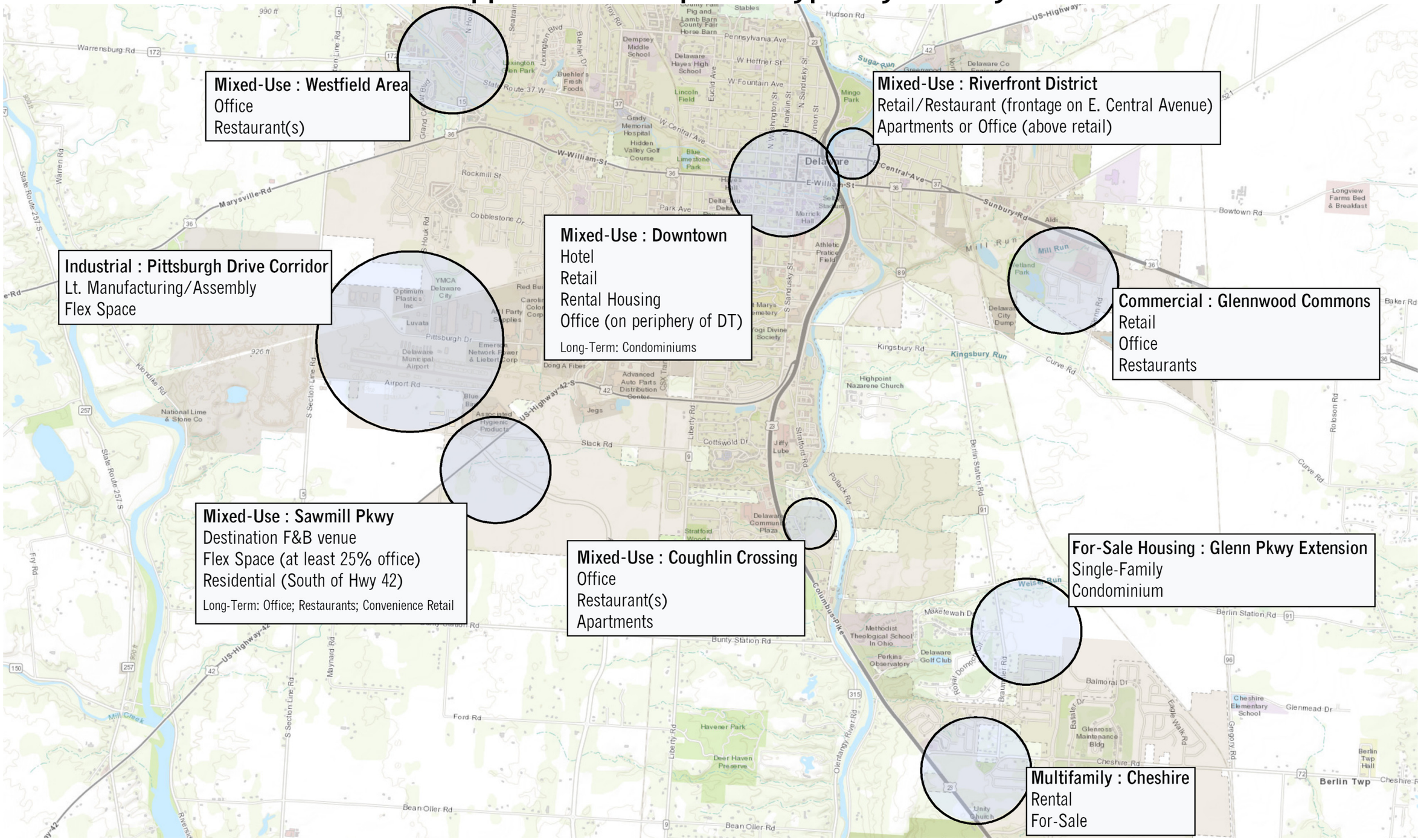
COVID 19 Impact:

Unemployment rates peaked in April 2020 at 14.1% and have continued to decline each month since to November's 3.7% rate. The total employment, as of November 2020, is down only 150 persons since Pre-COVID 19.

Overall employment in the City of Delaware and Delaware County was impacted less with fewer service-related jobs. Employment bounced back faster in the City of Delaware than the overall MSA which has a 4.9% unemployment rate (preliminary November 2020).

A map of market-supported development types by recommended priority areas follows.

Market-Supported Development Types by Priority Areas



Background

DDA is a full-service real estate market research firm providing market analyses, strategic planning and development advisory services to communities, developers and financial institutions. Pete DiSalvo, founder and president of DDA, has more than 20 years of experience in the industry and has worked in 46 states.

The objective of this report is two-fold:

1. It provides a detailed assessment and documentation of market-supported opportunities and highlights relevant market data sought by developers
2. A strategic tool for city staff charged with planning and incentivizing future development

Our methodology is based on a thorough supply/demand analyses including detailed field surveys of development types and demographic/economic factors. Recommendations for priority development locations are based on our nationwide experience and knowledge of site marketability and the economic impact of complementary uses.

Uses, Applications and Assumptions

Although this report represents the best available attempt to identify the current market status and future market trends, it is important to note that most markets are continually affected by demographic, economic and developmental changes.

The COVID 19 pandemic is unprecedented in modern-day history of the United States, exceeding health concerns and impacting local economies. Legislative mandates for temporary closures of many businesses, to curtail the spread of the virus and protect lives, comes at an economic cost. The most economically impacted industries include hotels, restaurants, retail trade, recreation and entertainment. In one way or another, many other businesses across the employment sectors are negatively impacted by COVID 19.

The length of business closures and temporary layoffs and the response in consumer confidence and spending will ultimately dictate the level of impact that COVID 19 will have on the overall economy and real estate industry. While low-interest rate financing remains available for builders and developers, it is DDA's opinion that the uncertainty of the economic toll of COVID 19 will likely create some pause and/or delays in real estate market activity.

This analysis also has been conducted with respect to a particular client's development objectives, and consequently has been developed to determine the current market's ability to support those particular objectives. For these reasons, the conclusions and recommendations in this study are applicable only to the City of Delaware.

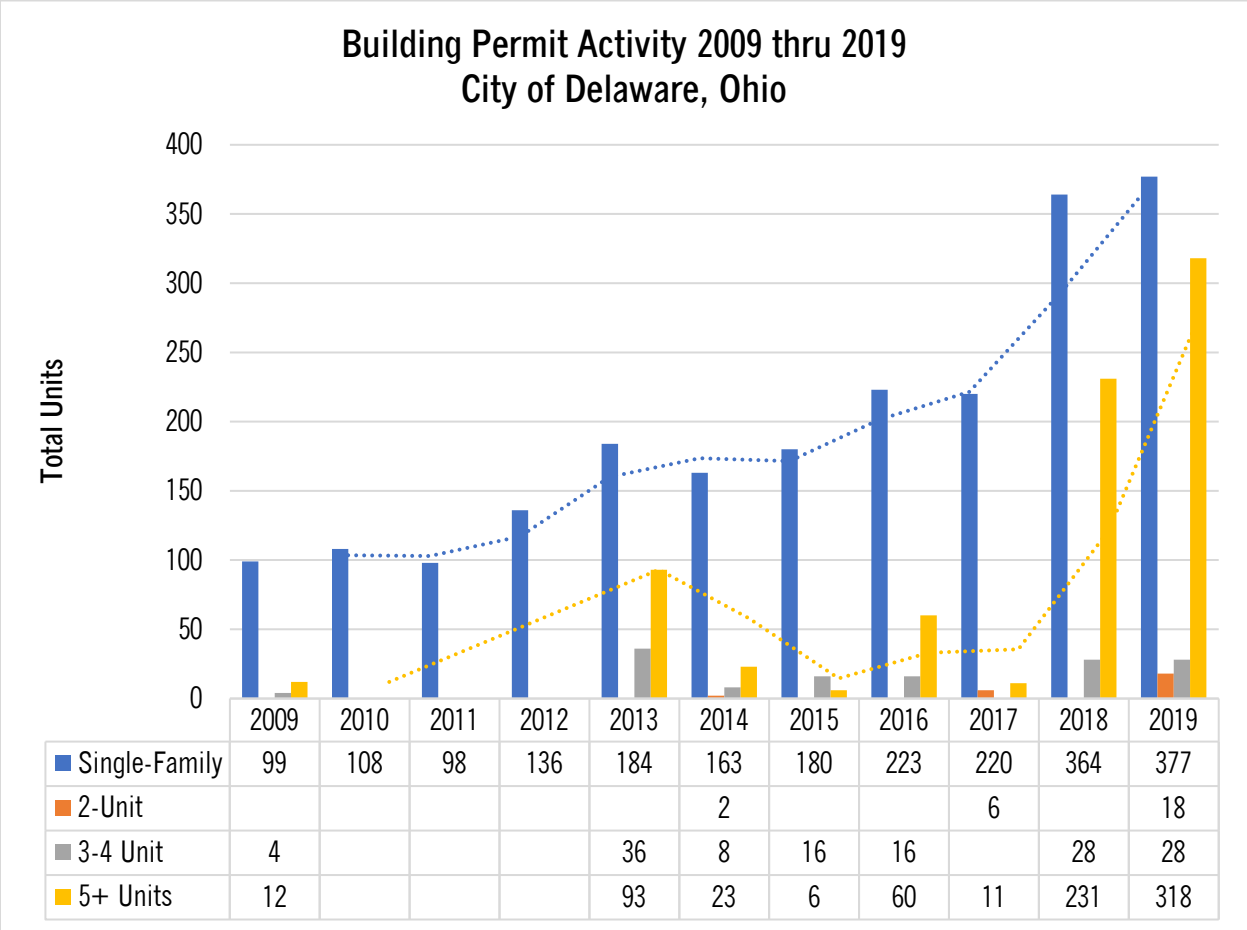
This study represents a compilation of data gathered from various sources, including the properties surveyed, local records interviews with local officials, real estate professionals and major employers and also the use of secondary demographic material. Although we judge these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis or judgment. The conclusions contained in this report are based on the best judgments of the analysts; we make no guarantees or assurances that the projections or conclusions will be realized as stated.

II. Housing Market Conditions

Housing market conditions have been identified through analyses of rental and for-sale housing. The results of housing surveys are used to establish overall strength of the housing market and identification of gaps and opportunities.

1. Building Permit Activity

Housing construction has significantly increased from approximately 100 housing units from 2009 through 2011 to 623 to 741 in 2018 and 2019 (see chart below).



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Single-Family	99	108	98	136	184	163	180	223	220	364	377
2-Unit						2			6		18
3-4 Unit	4				36	8	16	16		28	28
5+ Units	12				93	23	6	60	11	231	318

Source: US Census Bureau, Building Permits Survey

The average annual single-family permits since 2009 are 196. Multifamily development of more than 50 units occurred in four years in the past decade.

There is limited activity for two-unit buildings, such as duplexes, attached condominiums or villas. The most recent development of two-unit buildings was at the Landings at Glenross, a condominium development in the southeast area of the city. The development also includes 28 units within seven four-unit buildings.

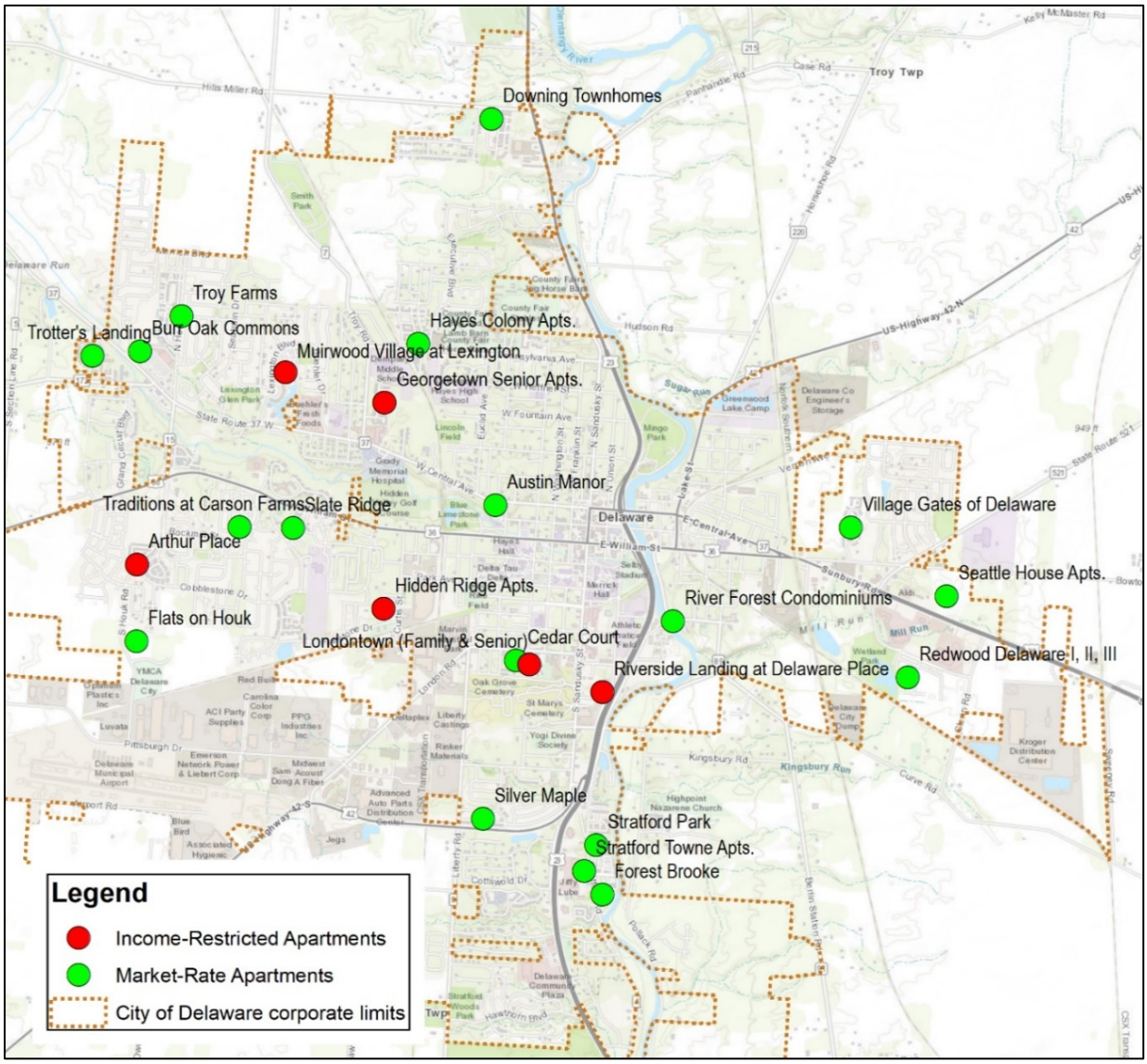
2. Multifamily Apartments

DDA has identified 28 rental housing developments in the City of Delaware of 50 or more units. Of those 28 developments, DDA staff was able to survey 24 apartment properties totaling 3,171 units. The apartment survey represents more than half the city's entire rental housing stock. At an overall 97% occupancy level, the local apartment market is strong with demand clearly limited by supply. A healthy market is considered to have an occupancy level of 95.0% which allows tenant mobility throughout the market. A distribution of units surveyed by housing type and occupancy follows.

Housing Type	Total Properties Surveyed	Total Units	Occupancy Rate
Market-Rate	18	2,648 (220 U/C)	96.1%*
Income-Restricted	6	523	100.0%
Total	24	3,171	96.8%*

*Includes vacancies from two properties in initial rent up period, Seattle House and Burr Oak Commons
U/C – Units are under construction at Seattle House and Redwood Delaware

Below is a locations map of the apartment properties surveyed in the City of Delaware.

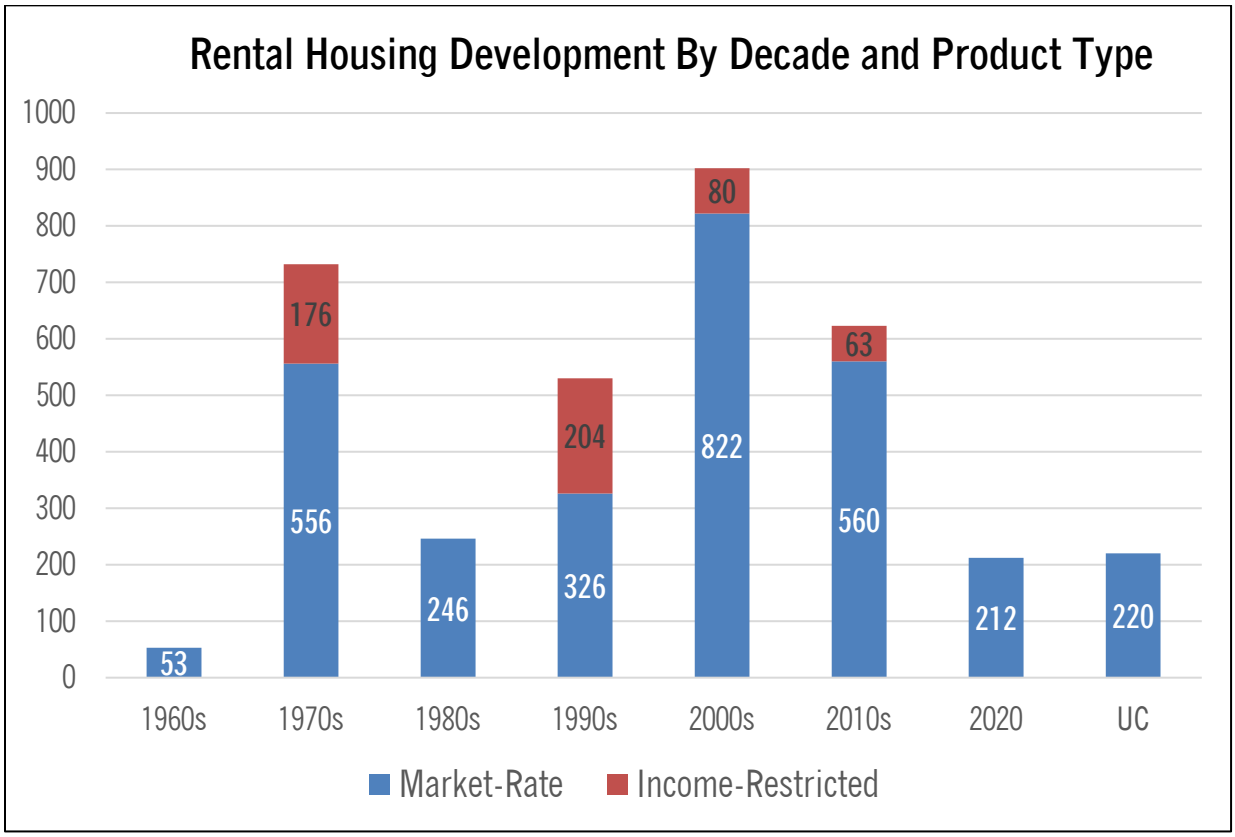


Market-rate

Two of the market-rate properties, Seattle House and Burr Oak Commons, are in the initial lease up period. Excluding these properties, the occupancy rate is 98.7%. Market-rate rental housing is considered as conventional apartments without income limit restrictions or rental assistance.

Income-restricted housing, operating under affordable housing programs, such as the Low-Income Housing Tax Credit program and HUD Section 8 program is 100% occupied and all but one property indicated lengthy waiting lists.

A distribution of rental housing development by product type and decade follows (non-participant market-rate properties totaling 347 units were included).



UC - Under Construction



The 220 under construction units are additional phases at Seattle House (120 units) and Redwood Delaware (100 units). The first available units at the second phase of Seattle House are expected in December 2020 and Redwood Delaware has a third phase in the initial phases of construction with units anticipated to open in September 2021 (see photo on right). A planned 178-unit apartment development in Coughlin Crossing, named Coughlin's Crossing Apartments, was recently approved by the City of Delaware. The project will include 14 buildings with apartments ranging in size from 620 square feet for a one-bedroom unit to 1,241 square feet for two-bedroom units. The proposed development will include a clubhouse and pool. Rent levels and timeline for construction were not available.

A summary of the market-rate properties surveyed in descending order of year built follows.

Project Name	Street Address	Year Open	Total Units	Vacancy Rate
Austin Manor	95 Elizabeth St	1923/1988	60	>5%
Cedar Court	159 London Rd	1969	53	0.0%
Stratford Towne Apts.	1345 Middlesex Ln	1972	128	0.0%
Olentangy View I & II	1241 Rivercrest Dr	1972/1997	110	Not Available
Georgetown Apartments	80 Georgetown Dr	1975	51	Not Available
River Forest Condominiums	90-200 Hayes Rd	1976	56	0.0%
Downing Townhomes	110 S Downing St	1977	54	0.0%
Hayes Colony Apts.	470 Heritage Blvd	1978	207	0.0%
Willows Apartments	2228 Bruce Rd	1979	134	Not Available
Rolling Meadows	105 Rolling Meadows Dr	1980	52	Not Available
Silver Maple	278 Silver Maple Dr	1992	128	>5%
Slate Ridge	50 New Market Dr	1993	76	0.0%
Forest Brooke	1493 Forest Brook Way	1998	72	<5%
Stratford Park	28 Sterling Ridge Dr	2000	79	0.0%
Trotter's Landing	1 Trotter's Cir	2000	218	>5%
Village Gates of Delaware	1 Village Gate Blvd	2000	221	0.0%
Troy Farms	124 Lippazon Way	2003	304	0.0%
Redwood Delaware I, II, III	20 Bur Reed Rd	2014	235 (100-UC)	0.0%
Traditions at Carson Farms	437 Sunburst Dr	2014	157	0.0%
Flats on Houk	1000 Solomon Sq	2019	168	<5%
Burr Oak Commons	90 Burr Oak Dr	2020	92	Initial Rent Up
Seattle House Apts.	1 Kerry Park Cir	2020	120 (120-UC)	Initial Rent Up
		Total	2,995 (220 – UC)	96.1%

UC - Under construction

Estimated vacancies by unit type, excluding properties in rent up phase, range from 1.1% in three-bedroom units up to 2.0% among one-bedroom units. No studio or efficiency units were identified in the City of Delaware. Market-rate rents vary widely from the older lower-quality 1960s/1970s apartments to the more modern apartments listed below.

	Collected Rents		Upper Quartile Rents	
Bedroom Type	Range	Average	Range	Properties
One-Bedroom	$625 - $1,175 (Burr Oak - $1,915)	$912	$935 - $1,915	Seattle House; Flats on Houk; Burr Oak Commons
Two-Bedroom	$650 - $1,715 (Burr Oak - $2,624)	$1,141	$1,195 - $2,624	Traditions at Carson Farms; Flats on Houk; Redwood Delaware; Burr Oak Commons; Troy Farms
Three-Bedroom	$860 - $1,486	$1,144	$1,195 - $1,486	Village Gates of Delaware; Traditions at Carson Farms; Troy Farms

The newer higher-priced properties in Delaware are on the eastern and western edges of the corporate limits. There are higher-priced remodeled rental alternatives in upper floors of buildings in downtown within the upper-quartile rent range, such as Sandusky Lofts, however, there are few of these units.



Sandusky Lofts

The rent per square foot among properties with upper-quartile rents, excluding Burr Oak Commons, ranges from $1.32 to $1.39 for a one-bedroom unit and $1.09 to $1.23 for a two-bedroom unit.

Three-bedroom single-family rentals in the area have been the high-end three-bedroom rental alternative in the market achieving monthly rents as high as $2,500. According to the five-year 2014-2018 American Community Survey, single-family rentals constitute 17.7% of the rental housing stock in Delaware. There are an estimated 1,062 detached single-family rentals in the City of Delaware (margin of error +/- 236).

Burr Oak Commons is a high-priced age-restricted community with large one-bedroom/1.5-bath and two-bedroom/2.5-bath units and attached garages. The rental rates were listed separately because they are anomalies to the remaining conventional rental housing market.

Income-Restricted

No vacancies were found among the six low-income and subsidized housing developments surveyed. Waiting lists range from 14 (Georgetown Senior) up to 108 households (Arthur Place).

A summary of the federally subsidized apartment properties follows.

Project Name	Program Type	Year Open	Total Units	Length of Waiting List
Londontown (88 units age-restricted)	HUD Section 8	1971	126	80
Georgetown Senior Apts.*	HUD Section 8 & LIHTC	1977	50	14
Muirwood Village at Lexington	Tax Credit	1991	144	17
Hidden Ridge Apts.	Tax Credit & HOME	1998	60	Not disclosed
Arthur Place	Tax Credit (28 HCV)	2009	80	108
Riverside Landing at Delaware Place*	Tax Credit	2013	63	29
		Total	523	

*Age-restricted

The rents at Londontown and Georgetown Senior Apartments are based on 30% of the resident's adjusted income. The collected monthly rents among the Tax Credit properties range from $496 to $891 for the one-bedroom units to $588 to $976 for two-bedroom units, depending on the income limitations ranging from 35% to 60% of area median household income (AMI). The Tax Credit rents at the 60% AMI level exceed rents achieved by market-rate properties built from 1993 to 2003.

The 60% AMI income limits are high enough that persons can afford many of the older market-rate properties in the area. A summary of the 2020 60% income limits by household sizes are listed below:

- One-person - $35,400
- Two-person - $40,440
- Three-person - $45,480

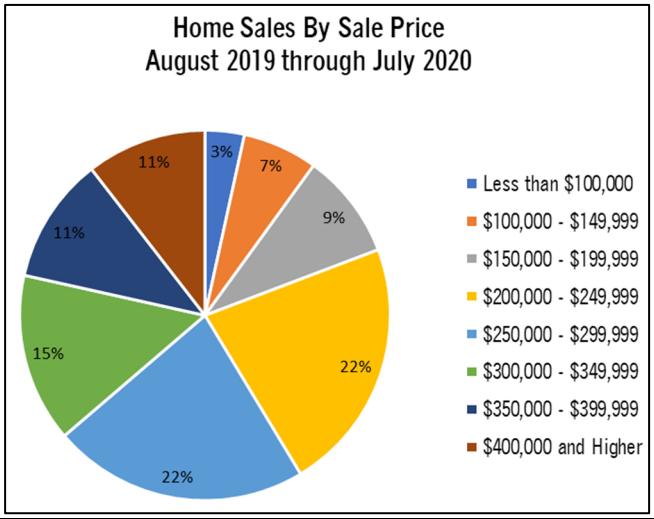
A distribution of renter household by income can be found in Section IV of this report.

3. For-Sale Housing

The City of Delaware had nearly 1,000 home sales from August 2019 through July 2020 (source: Delaware County Auditor).

One-third of the home sales were from newly constructed homes with the remaining resales of existing homes.

Home sales in the $200,000s accounted for 44.4% of all home sales. The next largest home sale price category was $300,000 to $350,000. A summary of home sales by price point, type and share of sales follows.



Home Sale Price	Existing Home Resales	New Home Sales	Total Sales	Share of Sales
Less than $100,000	33	-	33	3.4%
$100,000 - $149,999	63	-	63	6.5%
$150,000 - $199,999	89	-	89	9.3%
$200,000 - $249,999	188	25	213	22.1%
$250,000 - $299,999	133	82	215	22.3%
$300,000 - $349,999	62	80	142	14.8%
$350,000 - $399,999	36	70	106	11.0%
$400,000 and Higher	35	66	101	10.5%
Total	639	323	962	100.0%
Average	$242,562	$316,219		

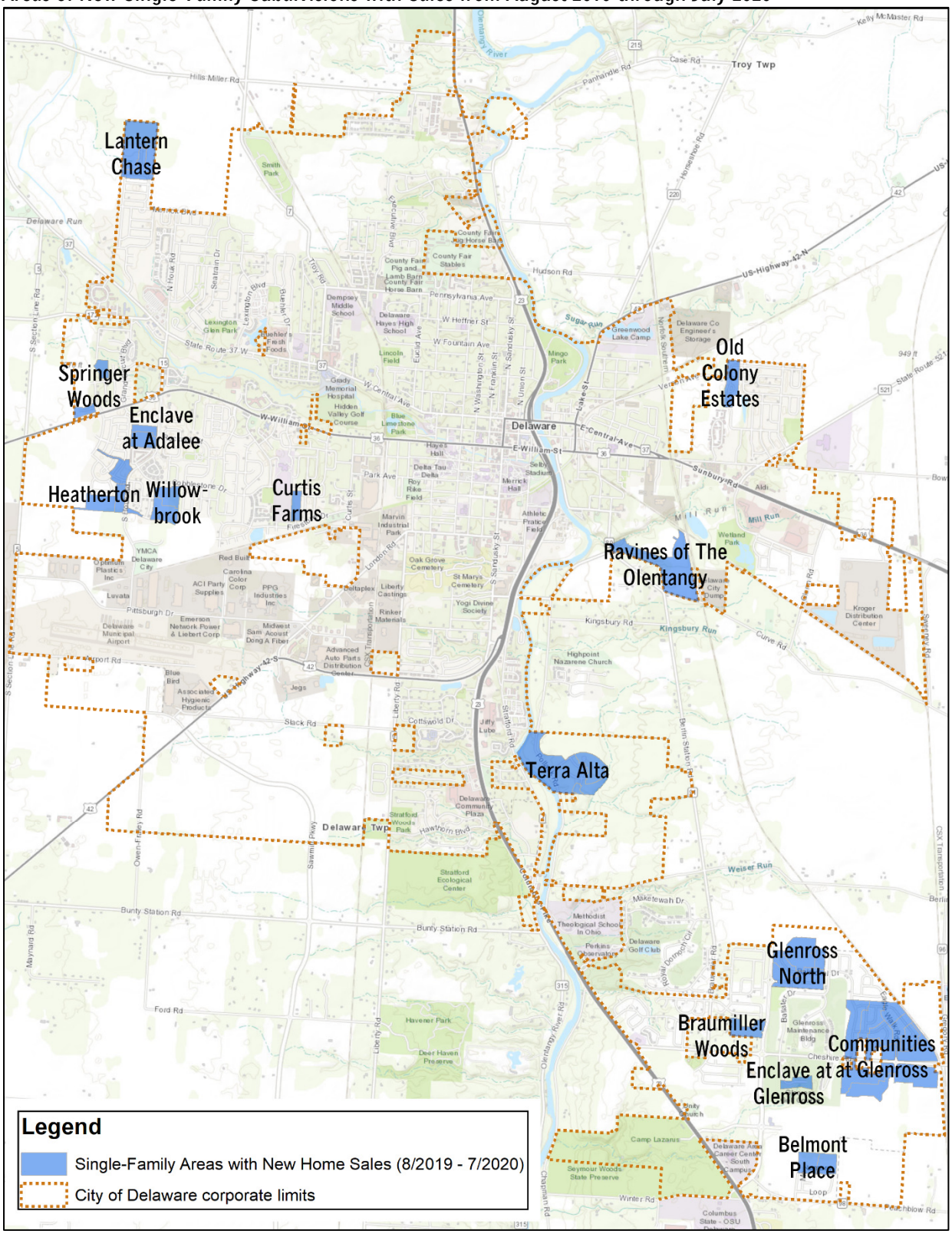
Source: Delaware County Auditor

New home sales occurred in 14 new single-family subdivisions in the City of Delaware. Of the 323 new home sales, 119 (36.8%) occurred in five subdivisions in the southeast portion of the city in the Olentangy School District:

- Glenross North
- Communities at Glenross
- Braumiller Woods
- Belmont Place
- Enclave at Glenross

The subdivision in the southeast area of the city represents the highest priced housing in the city. A map of these five subdivisions and other new subdivisions within the City of Delaware follows.

Areas of New Single-Family Subdivisions with Sales from August 2019 through July 2020



Note: Only active sections and phases within each subdivision are shown.

The Communities of Glenross has the widest range of home sale prices with more than $250,000 separating the lowest and highest prices. The subdivision has a higher than typical sales rate with an average of 5.6 homes sold per month. The next highest sales rates are among two of the lowest priced subdivisions in the city: Enclave at Adalee and Lantern Chase. The two lower-priced subdivisions average approximately three home sales per month and offer some of the smallest lot sizes averaging 0.11 to 0.18 acre. The average new home lot is about one-fourth an acre.



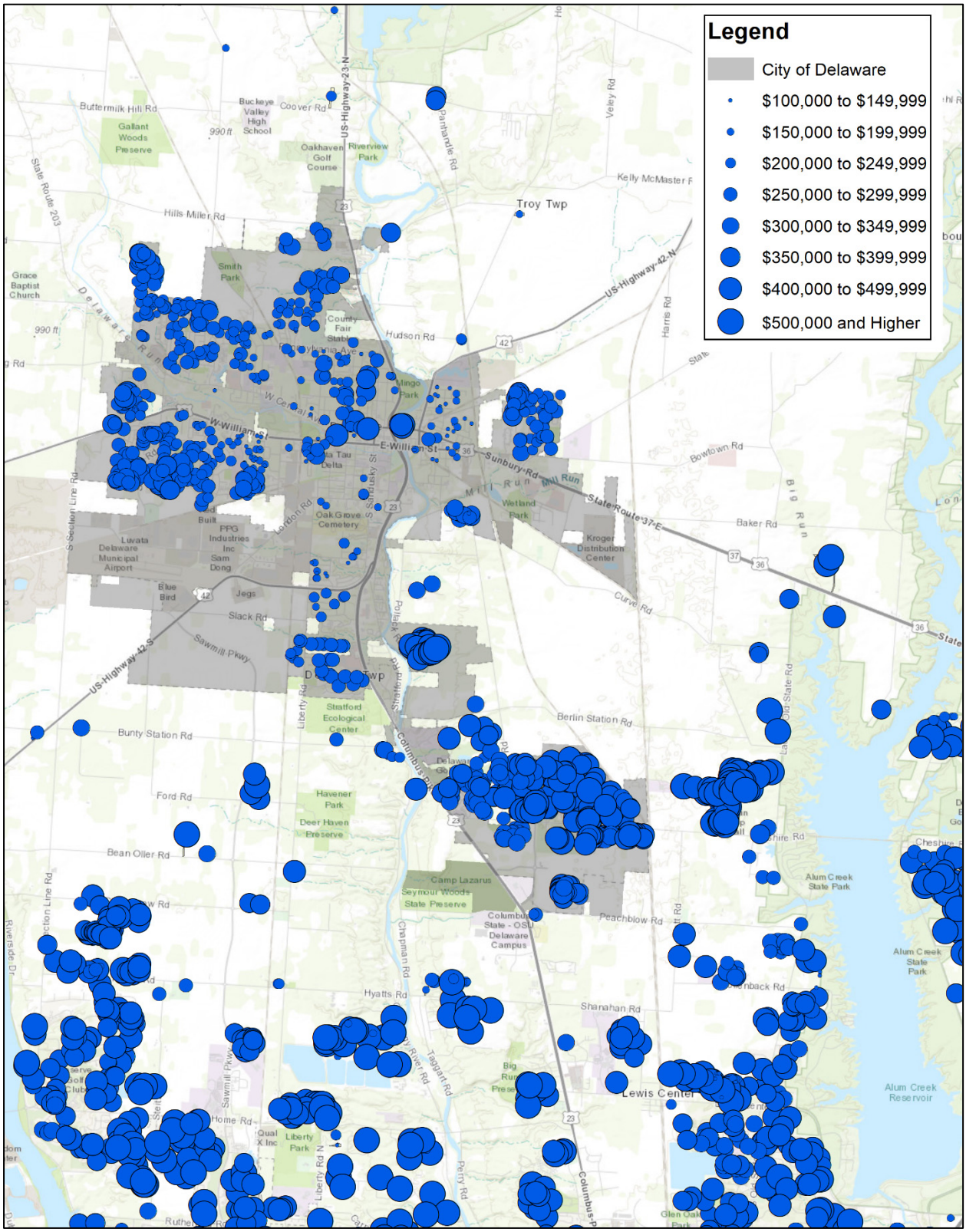
New Home Sales
Subdivisions
City of Delaware
August 2019 through July 2020

Subdivisions, Section or Phase	Total Homes Sold	Average Lot Size (Acres)	Home Sale Prices	Average Home Sale Price
Enclave at Adalee, PH 1 & 2	40	0.11	$200,000 - $275,910	$248,834
Lantern Chase, PH 2, Sec 6	32	0.18	$239,015 - $377,261	$294,208
Ravines of the Olentangy, Sec 1	22	0.22	$262,873 - $328,866	$294,324
Heatherton, PH 4, 7 & 8	31	0.21	$282,855 - $365,870	$297,053
Curtis Farms, PH 4	6	0.18	$254,130 - $347,310	$300,473
Old Colony Estates, PH 2	23	0.20	$350,590 - $362,765	$315,942
Willowbrook, Sec 2, PH 1, 2A & 2B	20	0.26	$272,640 - $406,266	$341,733
Springer Woods, PH 1 & 3	11	0.22	$272,780 - $424,563	$348,533
Belmont Place, Sec 4 & 5	21	0.21	$307,970 - $406,115	$363,418
Communities of Glenross, Sec 5 – 15	68	0.23	$298,550 - $555,455	$397,574
Braumiller Woods Sec 3	5	0.27	$358,257 - $459,576	$407,288
Terra Alta, Sec 1	19	0.31	$352,005 - $485,390	$418,753
Glenross North, Sec 1 & 2	22	0.33	$375,890 - $531,715	$427,094
Enclave at Glenross	3	0.32	$460,000 - $545,365	$497,080
	323	0.22	$200,000 - $555,455	$316,219

Source: Delaware County Auditor
Note: Parts of "PTs" of subdivision sections has been omitted.
PH – Phase
Sec – Section

As the dot density map on the following page illustrates, the City of Delaware offers a more affordable housing stock than the area, including southern Delaware County. In fact, according to the Columbus Realtors' Multiple Listing Service (MLS), the average home sale price for a home in the Delaware City School District in September 2020 was $249,045 compared to $447,896 in the Olentangy School District.

Home Sale Price Levels By Area
City of Delaware and outlying areas in Delaware County
August 2019 through July 2020



DDA

Condominiums

DDA identified 13 condominium developments in the City of Delaware totaling 747 units. Nearly all condominium developments were completed in multiple phases. Village at Lehner Farms is the largest condominium development in the city and was built by Dominion Homes at the peak of national homeownership rates. The development is a Traditional Neighborhood Development (TND) with modest-sized detached homes with detached garages accessed from alleys. The low home sale prices and financial incentives attracted many first-time homebuyers. Homes in Village at Lehner Farms remain affordable and recently sold in the $150,000 to $180,000 price range.

A summary of condominium development in the City of Delaware by development name, year(s) built and total units follows (a locations map can be found on the following page).

Condominium Development	Year(s) Built	Total Units
Landings at Glenross	2007 – 2018	53
Lakes at Cheshire	2006 – 2020	106
Village at Shelbourne Forest	2005	36
Village at Willowbrook Farms	2004 – 2006	64
Village at Lehner Farms	2003 – 2005	213
Trillium Condos at Willow Run	1999 – 2009	58
Timmons Woods	1997 – 2007	34
Sunnyview Village	1996 – 1998	34
Hanover Court	1994 – 2002	40
Bennington Cove	1990 – 1993	20
Country Meadows	1980 – 1981	16
Hayes Colony	1972	41
River Oaks	1972	32
	Total	747

Note: Condominium developments with high shares of rentals and those less than 16 units were omitted from the summary. The total units are estimated based on parcel data from the Delaware County Auditor.

Condominium development has been limited in the past decade with construction in only two developments: Lakes at Cheshire and Landings at Glenross. Both developments are located in Delaware's southeast area and began selling in 2006/2007, during the Great Recession, with sales and ongoing construction nearly nonexistent until 2012-2013. A summary of both condominium developments follows.

<u>Lakes at Cheshire</u>

Lakes at Cheshire has 106 attached units (as of date of report) and is located near the northeast quadrant of Cheshire Road and Columbus Pike (US Hwy 23). The property includes a 2,300-square-foot community building and outdoor pool. The development includes four- to nine-unit attached condominium buildings. Since 2017, sales levels have reached at least 15 each year. The peak sales were 19 in 2019. The 15 new sales in 2020 ranged in price from $245,000 to $310,000. One newly constructed home is currently listed as available for $309,987, including a $140 monthly association fee.

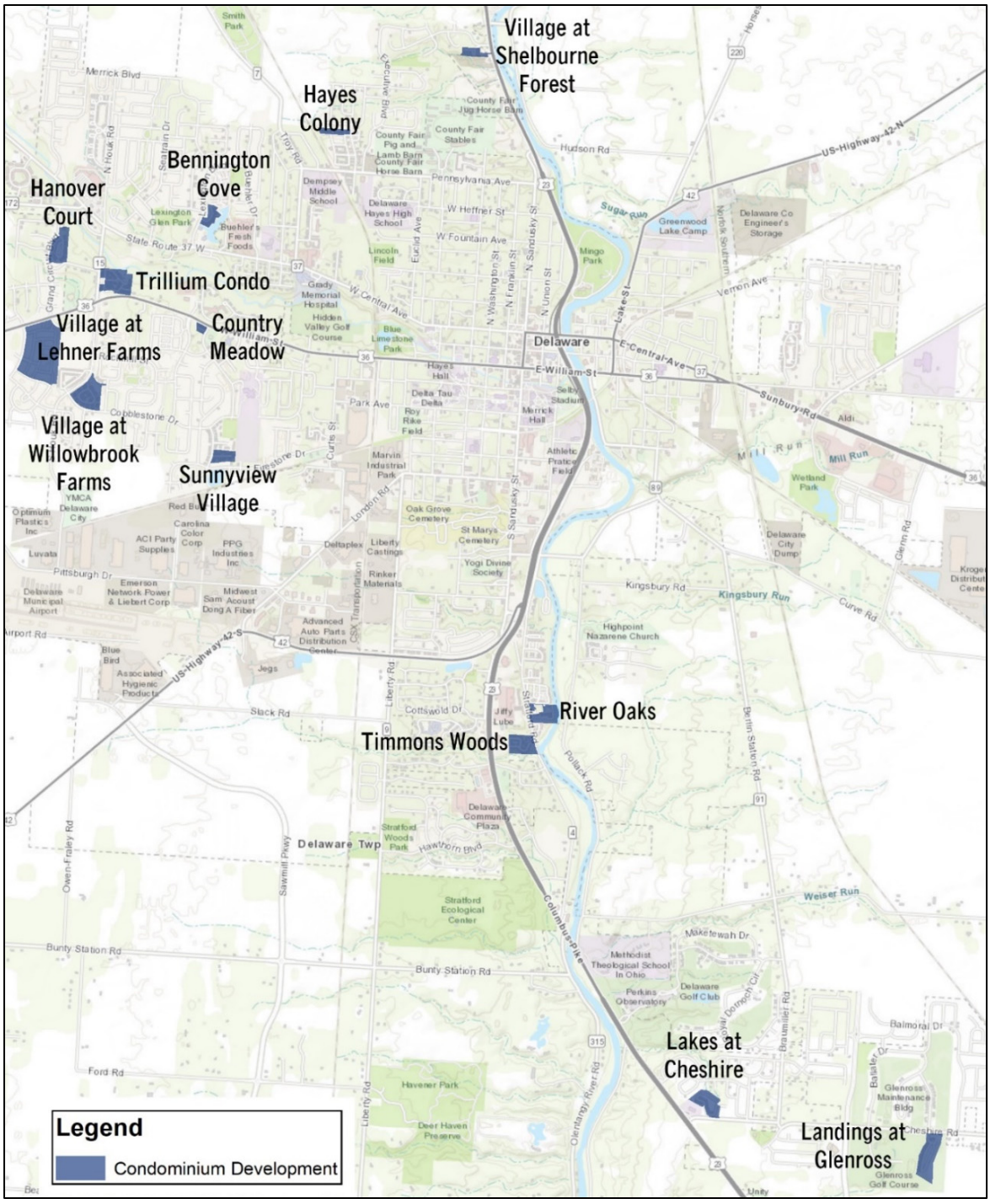


Lakes at Cheshire

Landings at Glenross

The development includes 53 homes situated adjacent fairways of Glenross Golf Club. The developer offered a mix of housing types with 15 detached homes, five duplexes, and seven four-plexes. The last seven units were sold in 2018 ranging in price from $313,340 to $350,000.

Condominium development largely started on the near west side of the city (Hayes Colony, Bennington Cove and Country Meadow), continued on the far west side (Trillium, Village at Lehner Farms and Willowbrook Farms), with the last development in the southeast area (Lakes at Cheshire and Landings at Glenross). A map of the condominium developments is below.



DDA

III. Commercial Market Conditions

Commercial market conditions have been identified through analyses of retail and office space. The results of commercial surveys and business inventories are used to establish overall strength of the commercial market and identification of gaps and opportunities.

1. Retail Shopping Centers

DDA identified nine multi-tenant shopping centers in the City of Delaware totaling 1,131,018 square feet. Forty-five percent of the shopping center space had been built since 2000. A summary of the shopping centers, in descending order by overall size, follows.

Shopping Center	Year Built	Anchor Tenant(s)	Total Square Feet
Glennwood Commons	2008	Meijer; Kohl's	388,196
Delaware Community Plaza	1993	Kroger; Wal-Mart	244,771
Delaware Square	1985-1989	Goodwill	118,911
Westfield	2000	Kroger	115,121
800 W Central (fka Buehler's)	1986	-	94,660
Georgetown Centre	1968	-	64,551
Delaware Shopping Center	1972-1980	Big Lots (early 2021)	59,613
Troy Road	1960-1961	-	38,148
Shoppes @ Central Avenue	2018	-	7,047
		Total	1,131,018

Note: Outparcel buildings with a single tenant are not included in the total. Small strip centers with less than 5,000 square feet of retail or restaurant tenants not included.

Shopping centers of more than 100,000 square feet have an anchor tenant. Big Lots, currently located in the northernmost area of the city, has plans to move to the Delaware Shopping Center in early 2021. The anchor tenants occupy 45% of the overall shopping center space, with the exception of Delaware Community Plaza and Delaware Shopping Center, are owner occupants. The remaining 55% of retail space is leased. Based on DDA's review of broker listings, in-person observations and interviews with local brokers and owners, the estimated shopping center retail vacancy rate in the City of Delaware is currently at 11.2%. This is considered a modest vacancy rate, comparable to the the Columbus retail market. Discount Fashion Warehouse (DFW) will be replacing the space vacated by Office Max in Glennwood Commons.

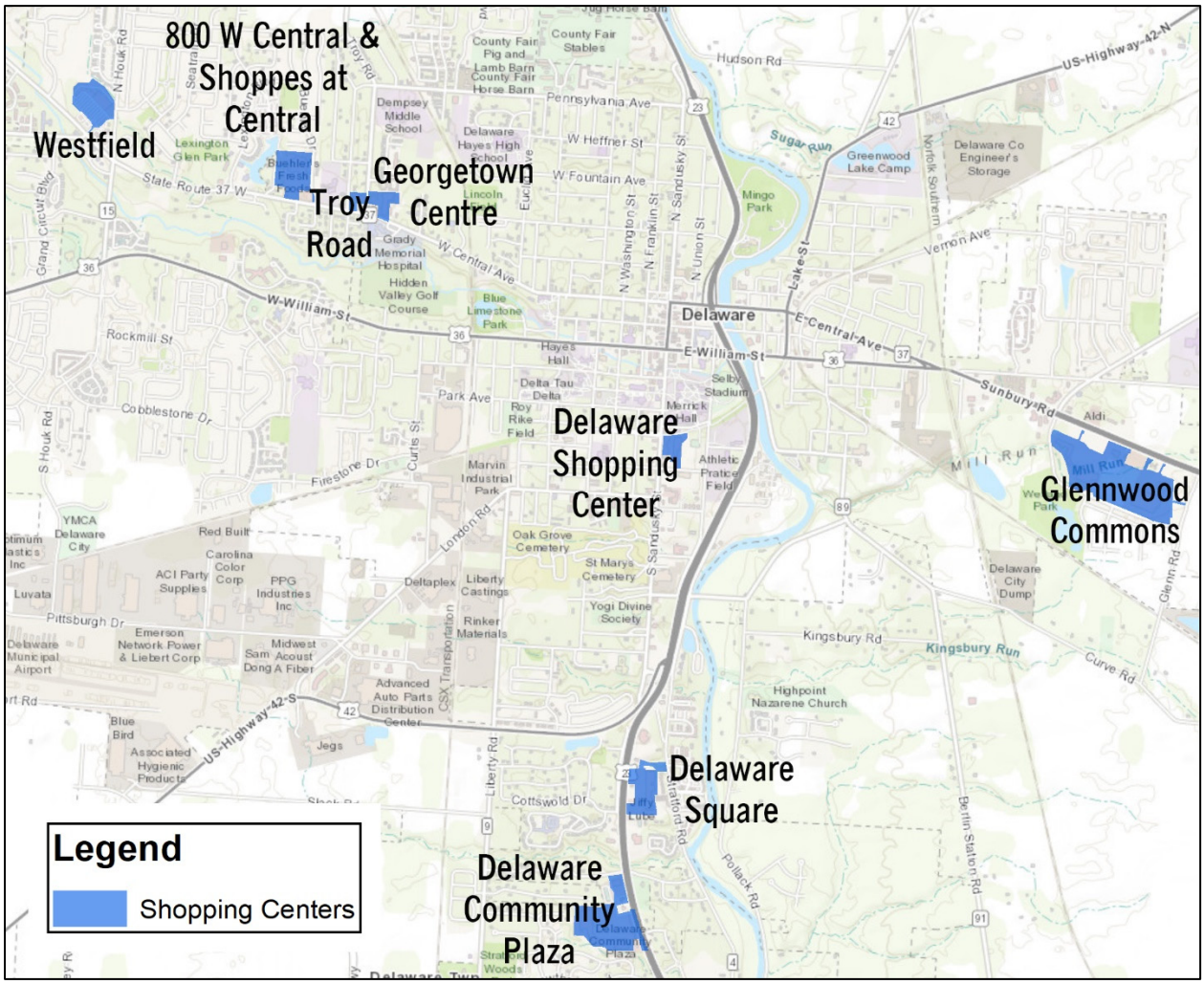


DFW is moving into a space at Glennwood Commons, formerly occupied by Office Max

The table below shows gross leasable space and availability by shopping center.

Shopping Center	Gross Leasable Square Feet	Available Square Feet		Vacancy Rate
		Store Sizes	Total	
Delaware Community Plaza	148,753	1,500 - 5,800	27,543	18.5%
Glennwood Commons	107,932	1,400 - 6,000	26,640	24.7%
800 W Central (fka Buehler's)	94,660	-	0	0.0%
Delaware Square	74,046	-	0	0.0%
Georgetown Centre	64,551	800 - 4,929	10,009	15.5%
Delaware Shopping Center	59,613	-	0	0.0%
Troy Road	38,148	1,000 - 1,250	2,350	6.2%
Westfield	33,625	2,800	2,800	8.3%
Shoppes @ Central Avenue	7,047	1,200	1,200	17.0%
Total	628,375	800 - 6,000	70,542	11.2%

The newest and largest shopping centers in the area are Delaware Community Plaza, Westfield and Glennwood Commons, each on the periphery of the city limits (see map below).



Prevailing lease rates in the market range from $8 per square foot (triple net) for large retail spaces and $16 to $20 for typical retail stores of 1,000 to 2,000 square feet, depending on the age and quality of the space.



Outparcel opportunities exist for 2.4 acres at Delaware Community Plaza and approximately 16 acres at Glennwood Commons. Glennwood Commons has another nine vacant acres situated between the two retail anchors, currently owned by Home Depot (see yellow boundaries of property on map). Home Depot has owned the property since 2007. Before COVID-19, there were plans to develop 96,000 square feet of additional retail space on the Home Depot property to accommodate Hobby Lobby, TJ Maxx, Ulta Beauty and Five Below. Plans also included an additional 12,540 square feet of space for a future tenant. Building permits were retracted at the start of COVID-19.

2. Retail Goods & Services/Restaurant Business Profile

DDA identified 225 retail and restaurant businesses within the City of Delaware operating within an estimated 1.3 million square feet of retail space. A distribution of businesses by type (NAICS code), total stores and store space follows.

Retail/Restaurant Group	NAICS Code	Total Stores	Store Size (Square Feet)	
			Total	Share
Furniture & Home Furnishings	442	6	49,323	3.8%
Electronics & Appliance	443	4	12,503	1.0%
Bldg Materials, Garden Equip & Supply	444	7	57,644	4.4%
Food & Beverage	445	8	360,630	27.5%
Health & Personal Care	446	12	58,147	4.4%
Gas Station	447	13	37,781	2.9%
Clothing & Clothing Accessories	448	6	14,890	1.1%
Sporting Goods, Hobby, Book & Music	451	8	15,800	1.2%
General Merchandise	452	7	279,551	21.3%
Miscellaneous	453	16	53,843	4.1%
Food Services & Drinking Places	722	97	257,037	19.6%
Personal Care Services	81	41	116,618	8.9%
	Total	225	1,313,767	100.0%

Sources: DDA, www.google.com, broker listings, Delaware County Auditor and Health Departments

Food and beverage and general merchandise establishments, many of which are anchor tenants in the shopping centers, such as Kroger and Meijer, account for nearly half of the space occupied by retailers and restaurants in the marketplace.

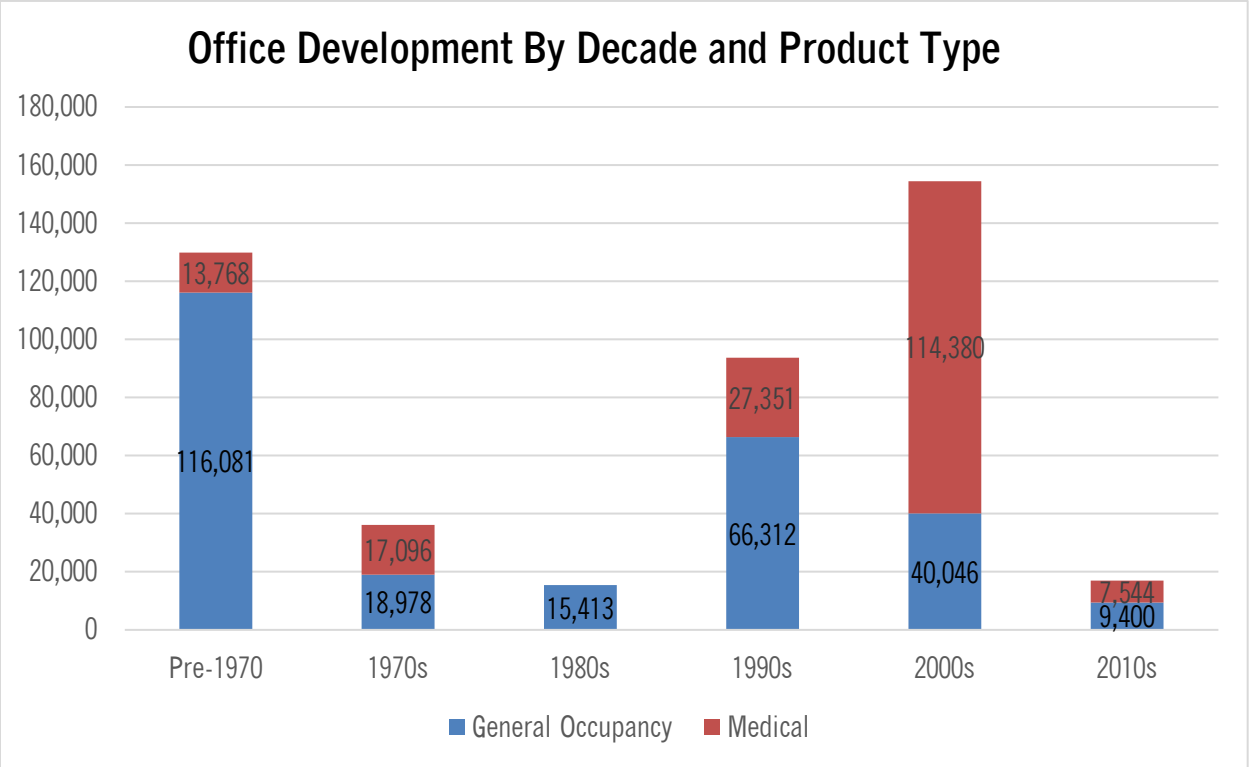
The downtown area has 36 (37.1%) of the city's 97 restaurant and drinking places.

3. Office Space

DDA identified approximately 450,000 square feet of office space in the City of Delaware within buildings with 5,000 or more square feet. Medical office buildings represent 40% of the office market, many of which are owner-occupied buildings.

As the table below shows, medical office space has dominated the office market since 2000, led by Ohio Health's 67,833-square-foot Delaware Medical Campus at the south end of the city limits.





Source: Delaware County Auditor, Loopnet, Columbus Board of Realtors, Jobs Ohio and DDA

The overall vacancy rate of leasable office space is estimated at 20%, comparable to the regional office market. Overall, the available office spaces in the city are small and, except for a flex office space, we were unable to identify any modern contiguous office space of 5,000 or more square feet. Therefore, the current office market cannot adequately accommodate businesses with approximately 20 or more employees.

The city's largest general occupancy office development is a 31,346-square-foot multi-tenant building located at 3769 Columbus Pike. The building was constructed in 2005 and is 80% occupied with vacant space available to lease at $18.95 per square foot, full-service (all costs except cleaning and trash collection). The property is in the southern end of the City of Delaware more than two miles from the nearest restaurants, except Glenross Golf Club. It is DDA's opinion that while tenants of the property benefit from ease of access to the location, the low occupancy is reflective of the remote location from available area amenities.



3769 Columbus Pike

Most older office buildings are in the downtown area. CoHatch's adaptive reuse of an historic 9,400-square-foot Old Gazette building in the downtown area is the city's newest office property. The cowork space, Newstand, has approximately 20 private offices with four listed as available (source: delawaremeansbusiness.com).

Aside from some newly renovated office space downtown, such as the Kern Building, the most modern conventional office building in the downtown is the PNC Bank building at 40 N Sandusky Street. The second and third floors of the building include 13,650 square feet of office space. The third floor is 100.0% occupied and the second floor has two small suites of 900 and 1,000 square feet vacant and available to lease for $20 per square foot (full-service). Older office space without parking is generally full-service in the low- to mid-teens per square foot.



40 N Sandusky Street, ground floor bank and upper floor offices

Delaware Commerce Center is an example of an office development including several office and flex-office buildings totaling 28,000 square feet (includes warehouse space). A total of 6,000 square feet are available for lease at $13.75 per square foot, modified gross. Two spaces, 2,400 and 3,600 square feet, are available and can be combined. The larger space includes a drive-in bay area connected to the warehouse/storage/ assembly areas of the building.



Delaware Commerce Park

West Medical Center is an 23,782-square-foot medical office building at 460 W Central Avenue. The property was built in 2007 and there is currently 5,132 total square feet available for lease ranging from $10 to $16 per square foot, triple net (tenant responsible for all ongoing costs). The lower-priced lease is for a lower level space in the building.

4. Lodging

A hotel market feasibility study was not included within the initial scope of analysis. However, we are providing this section simply to identify general characteristics of lodging alternatives and market observations based on DDA's experience with lodging in similar markets. Furthermore, COVID-19 has made conducting a survey of properties and identifying demand drivers challenging. A survey of properties and potential users, post COVID-19, will be required to accurately assess the depth of the market for additional lodging.

There are four lodging properties in the City of Delaware totaling 193 rooms, 7.2% of Delaware County's lodging room inventory totaling 2,686. The Polaris Area in south Delaware County includes 17 properties representing all the chain scale categories or price points, except Luxury. A summary of each of the lodging properties in ascending order of year open by area follows.

Area	Property Name	Year Open	Chain Scale	Rooms
City of Delaware	Pacer Inn & Suites	1950	Independent/Economy	34
	Travel Inn	1970	Independent/Economy	31
	Quality Inn & Suites Delaware	1995	Midscale	57
	Baymont Inn & Suites Delaware	1997	Midscale	71
			Total Rooms	*193**
Berkshire Township/ Sunbury	Hampton Inn	1996	Upper Midscale	60
	Holiday Inn Express & Suites	1998	Upper Midscale	61
	Travelodge Sunbury	1999	Economy	61
			Total Rooms	*182*
Polaris Area/ Columbus	Four Points by Sheraton	1998	Upscale	100
	Extended Stay America	1998	Economy	123
	Comfort Inn North Polaris	2000	Upper Midscale	93
	Homewood Suites by Hilton	2002	Upscale	92
	Nationwide Hotel & Conference Center	2002	Independent	192
	Hilton Garden Inn Columbus Polaris	2005	Upscale	118
	Candlewood Suites Polaris	2006	Midscale	122
	Hampton by Hilton Inn & Suites	2008	Upper Midscale	118
	Hilton Columbus Polaris	2008	Upper Upscale	252
	Cambria Hotels Columbus-Polaris	2009	Upscale	125
	Fairfield Inn & Suites Columbus Polaris	2009	Upper Midscale	125
	Holiday Inn Express & Suites	2011	Upper Midscale	104
	Residence Inn Columbus Polaris	2014	Upscale	104
	Staybridge Suites Columbus Polaris	2017	Upscale	119
	Renaissance Columbus Westerville	2018	Upper Upscale	222
	Drury Inn & Suites & Suites	2019	Upper Midscale	187
	Home2 Suites by Hilton	2021	Upper Midscale	115
			Total Rooms	*2,311*

Sources: Smith Travel Research (STR); Delaware County Auditor
*Does not include the two three-room bed and breakfast properties

The City of Delaware has the oldest and lowest priced lodging stock in the county. Properties have published single-room occupancy room rates of $55 to $71. The two oldest properties, Pacer and Travel Inns, are motor lodge style with exterior entrances to each room. Pacer appears well maintained and includes a 120-capacity meeting space. Baymont Inn, formerly Best Western, is a two-story walkup hotel (no elevator).



Pacer Inn & Suites

The four lodging properties generated $2.7 to $2.9 million a year from 2017 to 2019 (source: City of Delaware). Based on revenues and published rates, DDA estimates that the overall occupancy rate is in the low- to mid-60 percentile. This rate is indicative of strong lodging demand, despite the limited offerings.

City of Delaware
Hotel Bed Tax and Revenue

Year	Bed Tax (3%)	Revenue
2017	$82,835	$2,761,167
2018	$85,748	$2,858,267
2019	$79,740	$2,658,000

The City of Delaware, notably, has no options in the moderate to higher-priced Upper Midscale or Upscale hotels. Upper Midscale hotels, such as Holiday Inn Express or Fairfield Inn, are in many smaller markets, such as Marion and Marysville, Ohio. Visitors are commonly referred to the Polaris area for an overnight stay.

The Polaris area hotels benefit from proximity and direct access to Interstate 71, a concentration of corporate office users and a wide variety of traveler services, including restaurants, shopping and entertainment. From 2017 through 2019, Upper Midscale and Upscale properties in the Polaris area have operated at high occupancy levels and Average Daily Rates (ADRs).

Polaris Area
Upper Midscale & Upscale Properties

Year	Total Rooms	Occupancy Rate*	ADR*
2017	1,668	67.6%	$131.43
2018	1,787	67.3%	$126.81
2019	2,009	70.1%	$127.17

Note: DDA assumes the table is for a competitive set and not the overall market.
*Source: The Witness Group

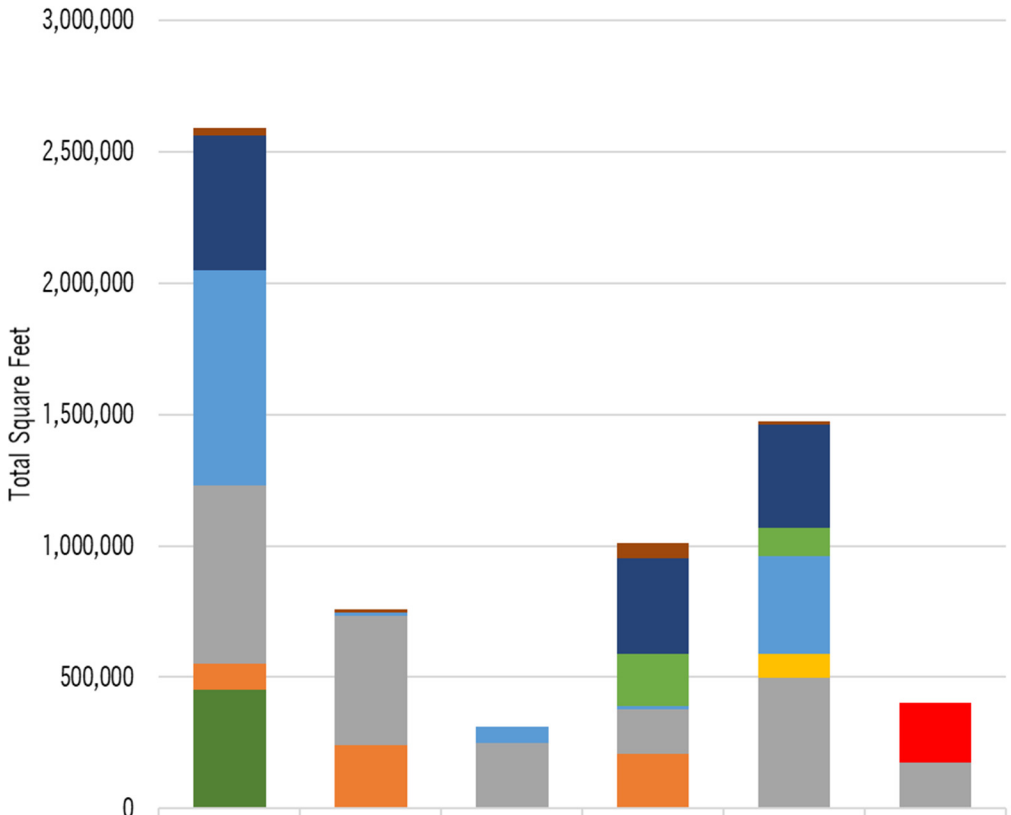
All the hotels in Berkshire Township/Sunbury are next to each other situated at the northwest quadrant of the I-71/Hwy 36 interchange and have published rates from $79 to $96.

Based on reported countywide tax revenue, Delaware County had lodging revenue in 2017 and 2018 of $52.4 to $59.0 million. In a 65% occupancy scenario, properties in the overall county generate approximately 610,000 room nights and an ADR of $97. Excluding the City of Delaware properties, the estimated ADR is $105. As a comparison, the Columbus market had a 66.5% occupancy rate and a $106.61 ADR in 2019 (source: Experience Columbus).

IV. Industrial Market Conditions

DDA identified 6.5 million square feet of industrial buildings in the City of Delaware. The majority of industrial buildings, especially manufacturing and distribution are owner-occupied facilities. A total of 168,195 square feet of warehouse space and an estimated 18,000 square feet of flex space is available to lease. The warehouse and flex space lease for $3.25 and $7 per square foot (NNN), respectively. A distribution of industrial buildings by type, square footage and decade built follows.

Distribution of Industrial Buildings, City of Delaware



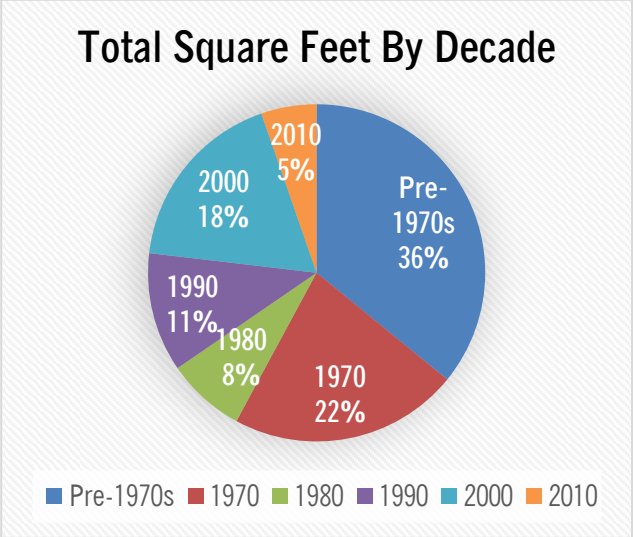
	Pre-1970s	1970	1980	1990	2000	2010*
Flex (25% or more office)						228,600
Small Shops (Less than 20% office)	29,253	13,076		58,208	12,000	
Distribution	511,877			362,100	393,394	
Warehouse (6% to 20% office)				198,811	103,837	
Warehouse (less than 6% office)	819,459	12,700	61,129	11,944	374,140	
Lt. Manuf/Assembly (10% to 20% office)					90,000	
Lt. Manuf/Assembly (10% or less office)	680,188	490,834	242,498	169,501	498,228	175,532
Med. Manuf/ Assembly	99,626	242,919	6,480	208,162		
Foundry/ Heavy Manuf.	450,816					

Note: Totals do not include cold storage, food processing, aviation facilities and other non-classified industrial structures.
Sources: Delaware County Auditor, City of Delaware, Broker Listings and DDA

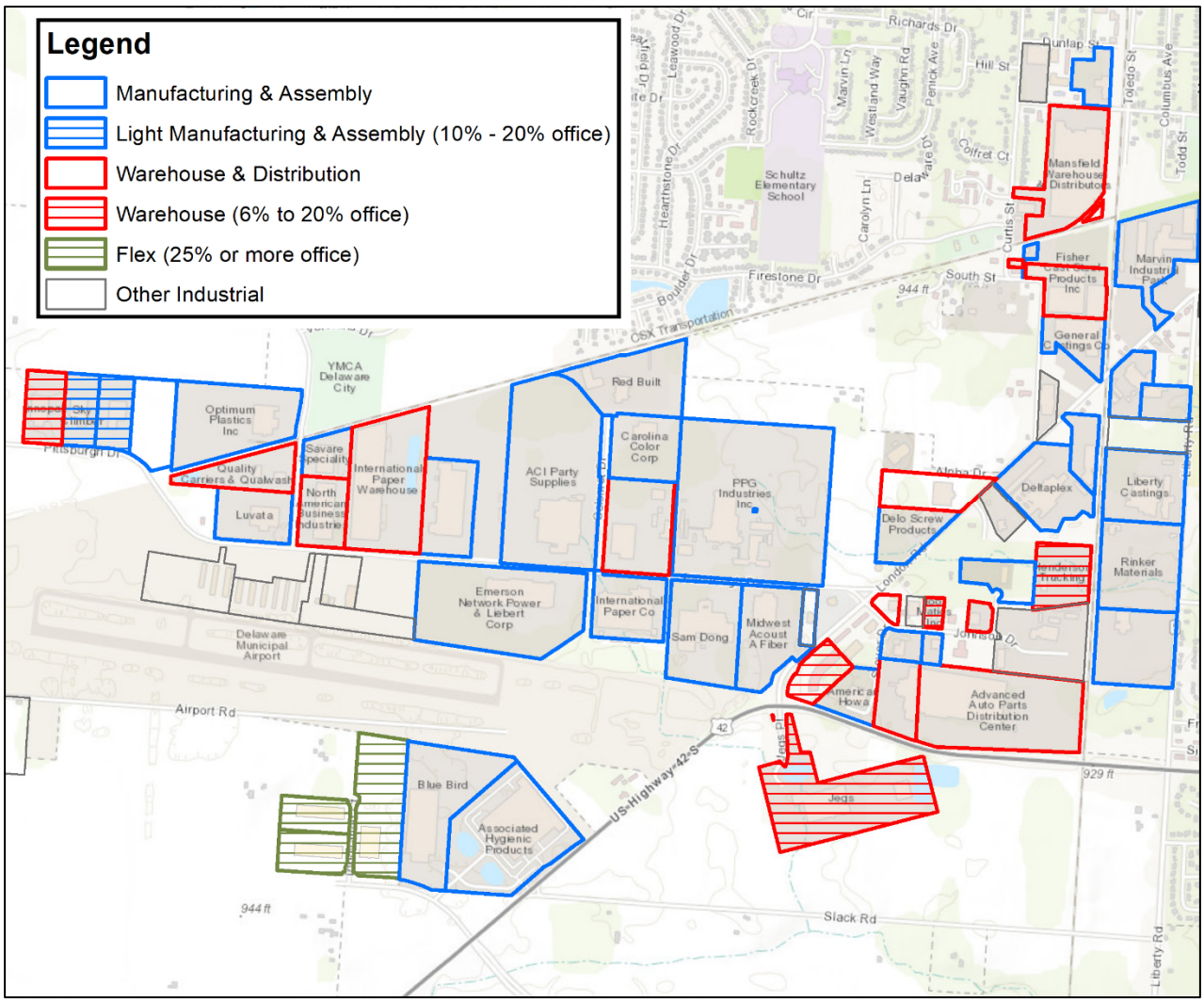
Two-thirds of industrial space in the City of Delaware is more than 30 years old, with more than one-third built more than 50 years ago.

Manufacturing facilities (light, medium and heavy) represent slightly more than half the overall industrial space.

Warehouse and distribution facilities are 45% of the industrial space with Flex space representing just 3.5% of the overall space, but 56.7% of development in the past decade. Flex spaces are those industrial buildings with 25% or more of the space dedicated for office use.



Except for Kroger's distribution facility along US Hwy 36 on the east edge of Delaware, nearly all of the industrial space in the city is on the southwest side. A map of industrial space in the southwest area, by major categories and share of office space follows.



DDA

Most tenants within these facilities identify in the Manufacturing, Wholesale Trade and Transportation & Warehousing sectors, NAICS codes 31-33, 42 and 48-49, respectively.

The new flex industrial development in the Innovation Center has attracted a wider range of business sectors than the traditional industry. Businesses in the Information and Professional, Scientific/Technical Services sectors (NAICS codes 51 and 54) can be accommodated by a higher share of office space with the flexibility for other uses in the raw warehouse area of the property. The properties along Innovation Drive are marketed as a "tech" hub targeting companies with research and development. According to the National Science Foundation, 30% of the domestic research and development spending occurs within these sectors.

Symmetry II, built in 2016, is 100.0% occupied. Tenants at the property include Guild Associates, CAMs, American Apex, and Mako Power. According to the Delaware County Auditor, 15,000 square feet or 25% of the overall space at Symmetry II is office space. A second flex building is under construction north of Symmetry II and is reportedly 60% to 70% occupied.



Symmetry II Building – 105 Innovation Drive



Back side of new flex Space - 109 Innovation Drive

Adjacent Symmetry II, is a large-scale flex industrial building, owned and operated by Nagase Chemtex, formerly Engineered Material Systems, Inc (EMS). The property includes 27,600 square feet of office and 81,000 square feet of warehouse space.



Jegs corporate headquarters, the only industrial building south of US Highway 42, has a similar-size office to Nagase Chemtex with a larger distribution/warehouse and separate research and development building. While DDA did not categorize their buildings as "flex" space, because of the lower share of office to warehouse space, when all buildings are combined, the overall Jegs campus shares similar aspects of flex industrial.

V. Demographics and Economic Analysis

A. Area Demographics

1. Population Trends

The population in the City of Delaware has rapidly increased each of the past decades. The population for 2000, 2010, 2020 (estimated) and 2025 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2020 (Estimated)	2025 (Projected)
Population	26,010	34,813	40,977	44,121
Population Change	-	+8,803	+6,164	+3,144
Percent Change	-	33.8%	17.7%	7.7%

Source: 2000, 2010 Census; ESRI Incorporated

The population is projected to increase by 3,144 or 7.7% between 2020 and 2025. The population growth rate is slightly below overall Delaware County (9.6%) and 2.3 percentage points above the Columbus Metropolitan Statistical Area (5.4%).

2. Household Trends

Households are a better indication of housing demand than population, especially with numbers of persons per households declining nationally. Household trends within the city are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2020 (Estimated)	2025 (Projected)
Households	9,794	13,278	15,764	17,021
Household Change	-	3,484	2,486	1,257
Percent Change	-	35.6%	18.7%	8.0%
Household Size	2.45	2.47	2.48	2.48

Source: 2000, 2010 Census; ESRI Incorporated

Households increased by 3,484 from 2000 to 2010. The household base experienced an increase of 2,486 households between 2010 and 2020. By 2025 the household base is projected to continue to increase to 17,021 households, a change of 8.0% since 2019. The average household size has been projected to remain relatively stable at an estimated 2.48 persons in 2020 and 2025. The estimated average household size matches the average for the metropolitan region and is below the Delaware County average of 2.73 persons per household. The larger average household size in Delaware County is attributed to the high share of homeowners (78.5%) largely residing in single-family homes.

Between 2020 and 2025, the greatest growth among household age groups is projected to be among the households ages 65 and older indicating an increasing need for housing for older adults/seniors in the market. A modest decline is projected among households younger than 25 and 35 to 64. Households by age are summarized as follows:

Households by Age	2020 (Estimated)		2025 (Projected)		Change 2020-2025	
	Number	Percent	Number	Percent	Number	Percent Points
Under 25	761	4.8%	809	4.8%	48	-0.1%
25 to 34	2,516	16.0%	2,777	16.3%	261	0.4%
35 to 44	3,190	20.2%	3,355	19.7%	165	-0.5%
45 to 54	3,128	19.8%	3,159	18.6%	31	-1.3%
55 to 64	2,670	16.9%	2,773	16.3%	103	-0.6%
65 to 74	2,080	13.2%	2,414	14.2%	334	1.0%
75 & Over	1,420	9.0%	1,732	10.2%	312	1.2%
Total	15,764	100.0%	17,021	100.0%	1,257	-

Source: ESRI, Incorporated

There is a projected one-percentage point tenure shift from 2010 to 2025, toward homeowners with an estimated increase of 2,454 homeowners versus a 1,289 increase in renter households. There remains an above average share of renters relative to the region. Households by tenure are distributed as follows:

Tenure	2010 Census		2020 (Estimated)		2025 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	8,097	61.0%	9,749	61.8%	10,551	62.0%
Renter-Occupied	5,181	39.0%	6,015	38.2%	6,470	38.0%
Total	13,278	100.0%	15,764	100.0%	17,021	100.0%

Source: ESRI, Incorporated

3. Household Income Trends

The distribution of households by income within the City of Delaware is summarized as follows:

Household Income	2020 (Estimated)		2025 (Projected)	
	Households	Percent	Households	Percent
Less Than $15,000	1,048	6.6%	941	5.5%
$15,000 to $24,999	922	5.8%	878	5.2%
$25,000 to $34,999	1,238	7.9%	1,222	7.2%
$35,000 to $49,999	2,145	13.6%	2,173	12.8%
$50,000 to $74,999	3,071	19.5%	3,237	19.0%
$75,000 to $99,999	2,615	16.6%	2,860	16.8%
$100,000 to $149,999	2,396	15.2%	2,882	16.9%
$150,000 to $199,999	138	8.8%	1,777	10.4%
$200,000 & Over	941	6.0%	1,051	6.2%
Total	15,764	100.0%	17,021	100.0%
Median Income	$69,051		$75,371	

ESRI, Incorporated projects a significant increase among households earning more than $100,000 from 2020 to 2025.

The following table shows the estimated number of owner households within the City of Delaware by size and income projected for 2025.

Owner Households	1-PPH	2-PPH	3-PPH	4-PPH	5+PPH	Total, All Ages	Age 65+
Less than $15,000	128	44	12	18	8	210	132
$15,000 - $24,999	113	21	8	9	2	153	139
$25,000 - $34,999	248	138	21	6	8	421	248
$35,000 - $49,999	343	241	71	45	15	716	419
$50,000 - $74,999	538	816	280	126	135	1,894	718
$75,000 - $99,999	495	856	389	281	201	2,223	349
$100,000 - $149,999	170	833	469	528	320	2,320	302
$150,000 or more	94	801	605	733	381	2,614	411
Total	2,129	3,750	1,855	1,746	1,071	10,551	2,717
Share	20.2%	35.5%	17.6%	16.5%	10.1%	100.0%	25.8%

PPH – Persons Per Household
Note: The data is derived from HUD's Economic and Market Analysis Division, 2018 ACS county data and has been adjusted accordingly by DDA to reflect 2020 household estimates for the city.

Owner households of one- to two-persons represent slightly more than half of the homeowners in the City of Delaware, bolstered by one-fourth homeownership by householders age 65 and older. The high share of older adult homeowners and limited condominium offerings indicates an untapped condominium market.

There is twice the share of one-person renter households, representing 41.5% of the renter base. The following table shows the estimated number of renter households within the City of Delaware by size and income projected for 2025.

Renter Households	1-PPH	2-PPH	3-PPH	4-PPH	5+PPH	Total, All Ages	Age 65+
Less than $15,000	500	161	28	28	14	731	252
$15,000 - $24,999	480	94	50	44	57	725	279
$25,000 - $34,999	373	174	86	86	83	801	198
$35,000 - $49,999	696	352	224	120	63	1,457	301
$50,000 - $74,999	427	527	235	107	46	1,343	255
$75,000 - $99,999	95	252	136	103	51	637	72
$100,000 - $149,999	87	155	122	98	100	562	59
$150,000 or more	26	42	60	40	45	214	12
Total	2,685	1,757	941	626	460	6,470	1,429
	41.5%	27.2%	14.6%	9.7%	7.1%	100.0%	22.1%

PPH – Persons Per Household
Note: The data is derived from HUD's Economic and Market Analysis Division, 2018 ACS county data and has been adjusted accordingly by DDA to reflect 2020 household estimates for the city.

New market-rate rental housing development generally caters to renters with incomes of $40,000 and higher. By 2025, there will be an estimated 3,727 renter households with incomes above $40,000. DDA expects a site-specific market-rate property to capture 5% to 7% of the target market, depending on the characteristics of the site and the surrounding environment. Applying these capture rates to the income-appropriate renter households

equates to potentially building a single market-rate project of 186 to 260 units. Based on the five-year market-rate potential of 590 units, the market can absorb up to three of market-rate projects over the next five years (source: *Residential Market Analysis*, Randall Gross).

The remaining 2,743 renter households with incomes below $40,000, represent demand for additional affordable housing in the market. There are 523 income-restricted units in the City of Delaware, all occupied and operating from waiting lists. The Residential Market Analysis estimates demand for 360 to 600 units within this income group. The Low-Income Tax Credit program represents the most likely vehicle to develop additional affordable housing. Based on our interview with developers, the minimum threshold to consider development is a project with at least 40 units.

4. Consumer Spending

Retail Trade

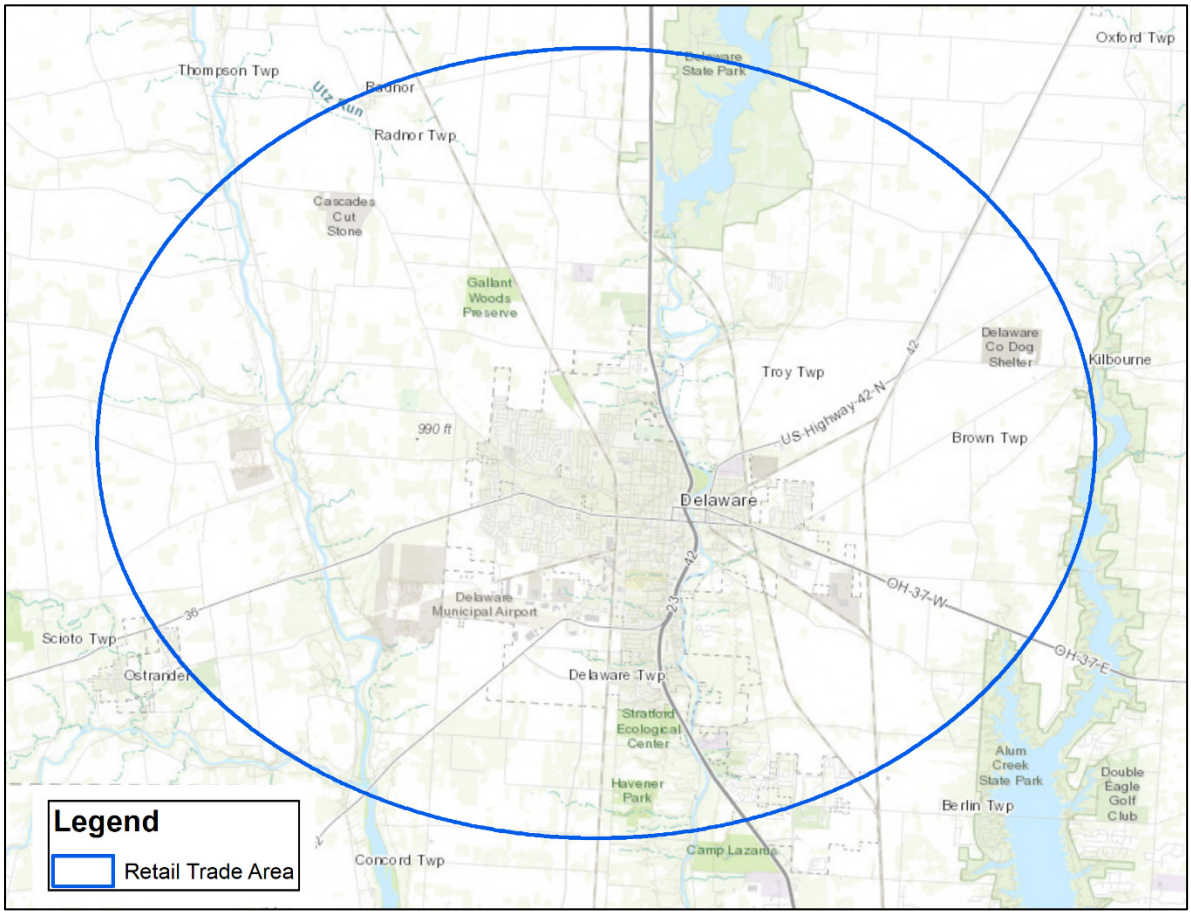
By 2025, City of Delaware residents will have an estimated retail trade spending potential of $700 million, approximately $100 million above current estimated retail spending, of which $55 million represents retail trade excluding automobile and online sales. The additional spending has the potential to support another 180,000 square feet of retail space by 2025. A summary of estimated consumer spending power in the City of Delaware by retail trade group and year follows.

NAICS Code	Retail Trade Group	2020 (Estimated)	2025 (Projected)	Share
441	Motor Vehicle & Parts Dealer	$142,043,989	$167,326,606	23.6%
442	Furniture & Home Furnishings	$11,438,281	$13,474,197	1.9%
443	Electronics & Appliance Stores	$8,989,552	$10,589,616	1.5%
444	Bldg. Materials, Garden Equip & Supply	$41,193,826	$48,525,975	6.8%
445	Food & Beverage	$90,105,201	$106,143,158	15.0%
446	Health & Personal Care	$33,580,490	$39,557,530	5.6%
447	Gasoline Stations	$63,411,511	$74,698,219	10.5%
448	Clothing & Clothing Accessories	$19,915,449	$23,460,228	3.3%
451	Sporting Goods, Hobby, Book & Music	$8,715,576	$10,266,874	1.4%
452	General Merchandise	$81,537,217	$96,050,145	13.5%
453	Miscellaneous	$10,971,179	$12,923,955	1.8%
454	Non-store (including online sales)	$90,335,695	$106,414,677	15.0%
	Total	$602,237,965	$709,431,180	100.0%

Sources: 2017 Economic Census; ESRI, Incorporated and DDA

According to the 2017 Economic Census, retail sales within the City of Delaware totaled $745,611,000. The substantially higher sales than consumer spending potential is attributed, in large part, to out-of-town consumers buying vehicles, parts and purchasing gasoline and convenience goods. In 2017, the non-auto retail trade groups accounted for approximately $350 million, approximately 110% of the local estimated spending. Therefore, external support represents at least 10% of total retail sales and likely upwards of 30%.

Based on drive times and the location of competing retail on the periphery of the City of Delaware, DDA has identified the following Retail Trade Area:



The trade area has a population 10,000 above the City of Delaware and in 2017 has current sales potential of $650 million, of which approximately $425 million are non-automobile. The trade area consumer spending potential is 80% of local estimated sales. By 2025, the non-automobile spending potential in the trade area is projected to increase to $477 million.

Based on our inventory of all retailers in the City of Delaware, we estimate the current retail sales among non-auto and non-store retail is approximately $370 million, a $20 million increase since 2017. Residents within the trade area have a spending potential approximately $110 million in excess sales within the City of Delaware. However, $20 million of the additional spending is projected among grocery stores and other food and beverage facilities, which in DDA's opinion, can be accommodated by current businesses through 2025. The potential unmet demand for the $90 million retail spending could generate approximately an additional 210,000 square feet of occupied retail space in the City of Delaware.

Restaurants

According to the 2017 Economic Census, sales within the City of Delaware among food services and drinking places totaled $82 million. With a current food and beverage inventory of 257,037 square feet, sales in 2017 equated to $319 per square foot. This is considered a healthy overall sales per square foot amount. During this time City of Delaware residents

were spending $54 million at these businesses, or 65.6% of total sales. Within the retail trade area, residents were spending $66 million at restaurants and drinking establishments, reflecting 80% of sales, similar to the retail trade market.

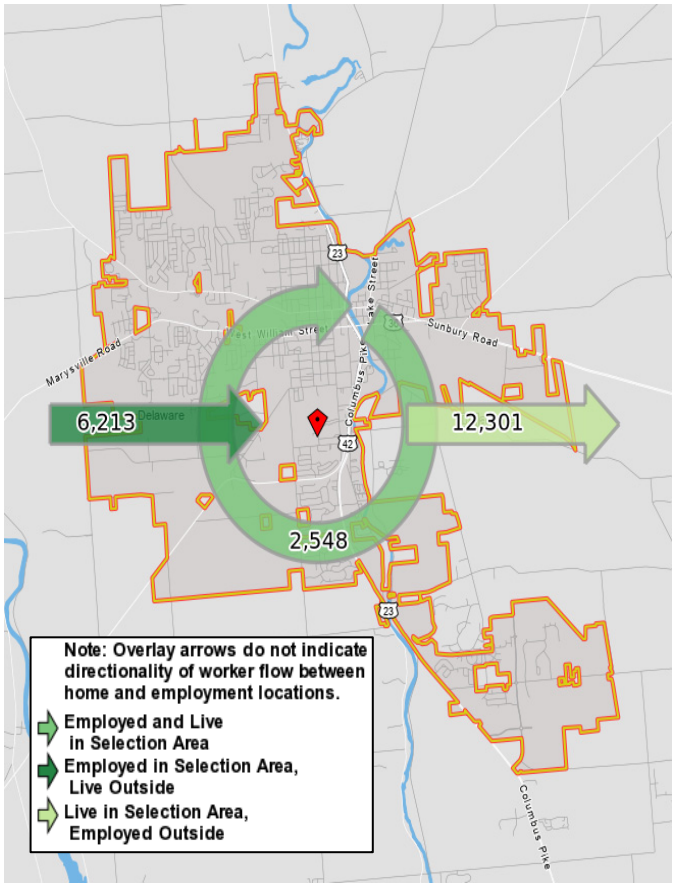
By 2025, DDA projects restaurant spending power within the local trade area will reach $87 million. Assuming 80% of the restaurant spending occurs in the trade area, at an average of $325 per square foot, in the next five years there is potential to support another 50,000 square feet of food and beverage space in the City of Delaware.

B. Economy

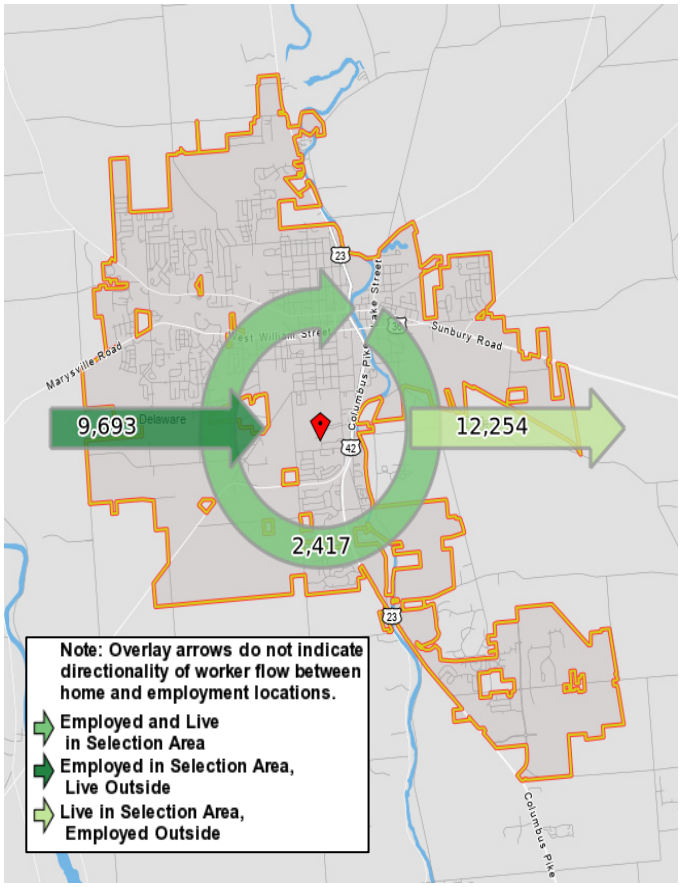
1. Employee Commuting Trends

A comparison of Census' 2002 and 2018 Longitudinal Employer-Household Dynamics private employment data shows that fewer residents work within the city limits while the share of non-residents commuting to work in Delaware has increased from 70% to 80%.

2002 Employee Commuting Patterns



2018 Employee Commuting Patterns



Since 2002, private employment among city residents has remained relatively stable. During this period, however, there was an increase of 3,349 private sector employees, largely captured by persons commuting into the City of Delaware. According to ESRI, Incorporated, two-thirds (66.7%) of the employed residents have a white-collar occupation, below the high share within overall Delaware County (78.2%), but comparable to Franklin County (67.8%) and the Columbus MSA (66.5%) and well above the statewide average (60.6%).

A further comparison of employment among industry classes for 2002 and 2018, shows the distribution of employment in the city by industry class has remained relatively unchanged. Among residents, however, there has been a significant shift toward employment in the "All Other Services" category, represented with white-collar industries.

2002 Distribution of Employment – Commuters and Resident Employees

Industry Class	Employed in City, Live Outside	Employed & Live in City	Total Citywide Employment	Share of Citywide Employment	Live in City, Employed Outside	Total Resident Employment	Share of Resident Employment
Goods Producing	1,654	611	2,265	25.9%	2,569	3,180	21.4%
Trade, Transportation and Utilities	1,734	440	2,174	24.8%	3,143	3,583	24.1%
All Other Services	2,825	1,497	4,322	49.3%	6,589	8,086	54.3%
Total	6,213	2,548	8,761	100.0%	12,301	14,849	100.0%

The employment profile of the city in 2002 was generally representative of the resident labor force during that period. However, the significant shift in resident employment classes over the past two decades, now has an employment base that requires significant commuter support as more residents leave the city for work.

2018 Distribution of Employment – Commuters and Resident Employees

Industry Class	Employed in City, Live Outside	Employed & Live in City	Total Citywide Employment	Share of Citywide Employment	Live in City, Employed Outside	Total Resident Employment	Share of Resident Employment
Goods Producing	2,398	592	2,990	24.7%	1,827	2,419	16.5%
Trade, Transportation and Utilities	2,785	402	3,187	26.3%	2,707	3,109	21.2%
All Other Services	4,510	1,423	5,933	49.0%	7,720	9,143	62.3%
Total	9,693	2,417	12,110	100.0%	12,254	14,671	100.0%

The top 50 census tracts where commuters reside is largely within Delaware, Morrow, Marion and Union counties (see map below). Workers also reside in the northern portion of Franklin County, outside of the I-270 outer belt, but the most concentrated resident commuter area is 10% of the highest concentrated worker area in Delaware.

United States Census Bureau **OnTheMap**

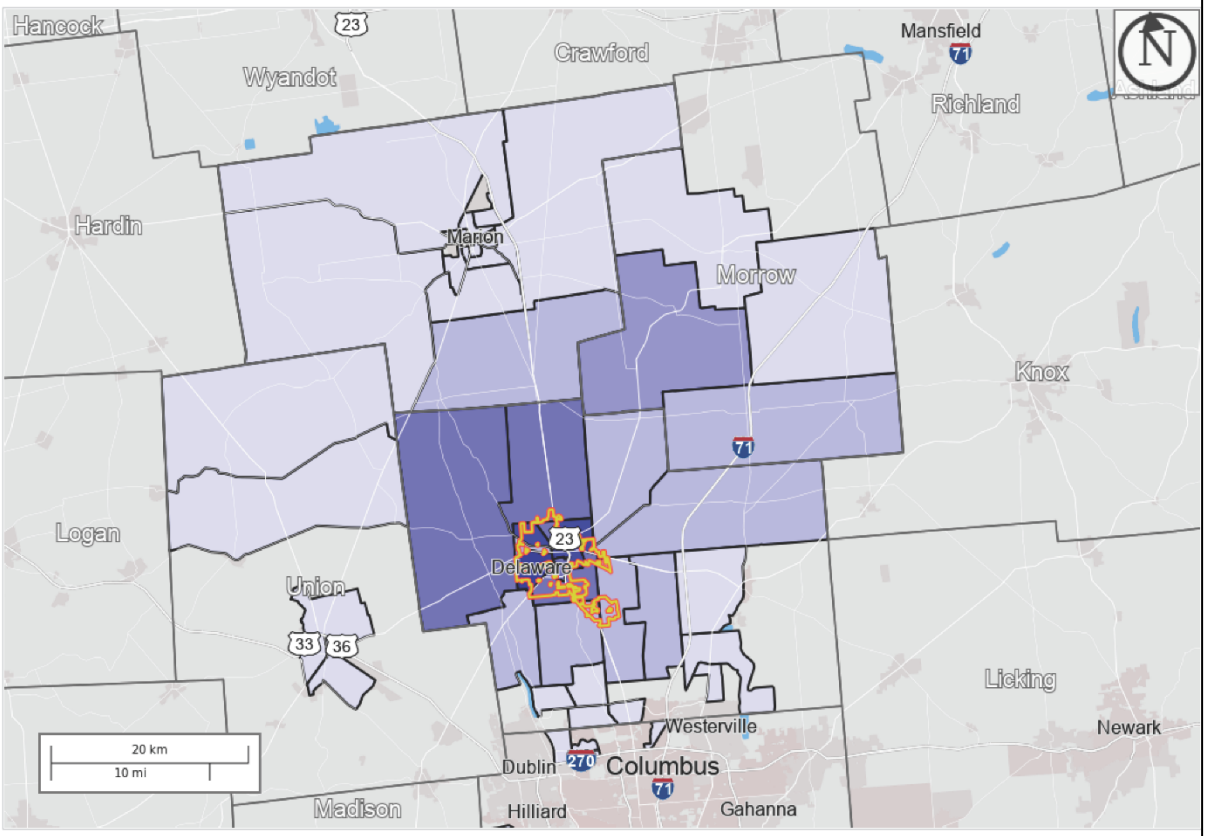
Home Destination Report - Work Selection Area to Home Census Tracts

Private Primary Jobs for All Workers in 2018

Created by the U.S. Census Bureau's OnTheMap https://onthemap.ces.census.gov on 12/10/2020

Counts of Private Primary Jobs from Work Selection Area to Home Census Tracts in 2018

All Workers



Map Legend

Job Count
- 397 - 457
- 337 - 396
- 277 - 336
- 217 - 276
- 157 - 216
- 97 - 156
- 36 - 96

Selection Areas
- Analysis Selection



Page 1 of 4

United States Census Bureau

DDA

2. Labor Force Profile

The workforce in the City of Delaware has a slightly higher share of young workers (ages 29 and younger) compared to the Columbus Metropolitan Statistical Area (26.4%). The area has a much higher share of low-wage earners (26.4% in Delaware compared to 18.6%) and low share of upper-wage earners (38.6% in Delaware, 46.5% in Columbus MSA). A summary of employee profiles by income, age and industry is in the tables below (source: 2018 Longitudinal Census data).

City of Delaware – Employee Profile (worked in City of Delaware in 2018)

Employee Income (2018)	<30	30 - 54	55+	Total	Share
Less than $15,000	1,822	847	523	3,192	26.4%
$15,000 - $39,999	1,317	2,076	850	4,243	35.0%
$40,000 and Higher	499	2,920	1,256	4,675	38.6%
Total	3,638	5,843	2,629	12,110	100.0%
Share	30.0%	48.2%	21.7%	100.0%	

In comparison to the region including Delaware, Marion, Morrow and Union Counties, the City of Delaware has a share of employment higher than 2.8 percentage points in the Manufacturing, Transportation/Warehousing, Educational Services and Health Care/Social Assistance (sources: Census LEHD).

Industry Class	Industry Sector (2018)	Total	City Share	Regional Share	Percentage Point Difference
Goods Producing	Agriculture, Forestry, Fishing & Hunting	2	0.0%	0.8%	-0.8%
	Mining, Quarrying & Oil/Gas Extraction	0	0.0%	0.1%	-0.1%
	Construction	474	3.9%	4.0%	-0.1%
	Manufacturing	2,514	20.8%	17.9%	2.9%
	Subtotal	*2,990*	24.7%	*22.8%*	*1.9%*
Trade, Transportation & Utilities	Utilities	27	0.2%	0.3%	-0.1%
	Wholesale Trade	187	1.5%	3.2%	-1.7%
	Retail Trade	1,794	14.8%	12.9%	1.9%
	Transportation and Warehousing	1,179	9.7%	3.4%	6.3%
	Subtotal	*3,187*	26.3%	*19.8%*	*6.5%*
All Other Services	Information	55	0.5%	0.7%	-0.2%
	Finance and Insurance	195	1.6%	5.2%	-3.6%
	Real Estate	148	1.2%	1.1%	0.1%
	Professional, Scientific, & Technical	305	2.5%	7.2%	-4.7%
	Mgt. of Companies and Enterprises	92	0.8%	9.8%	-9.0%
	Admin & Support, Waste Mgt. & Rem.	596	4.9%	9.1%	-4.2%
	Educational	634	5.2%	1.1%	4.1%
	Health Care & Social Assistance	2,113	17.4%	9.3%	8.1%
	Arts, Entertainment & Recreation	149	1.2%	2.1%	-0.9%
	Accommodation & Food	1,265	10.4%	9.2%	1.2%
	Other Services (excl. Public Admin)	381	3.1%	2.7%	0.4%
	Subtotal	*5,933*	*49.0%*	*57.4%*	*-8.4%*

The majority of persons employed in the Goods Producing industry, which includes the Manufacturing sector, earn in excess of $40,000 a year or $18.75 per hour. The share of workers earning $40,000 in the Goods Producing class is 67.4%, 3.2 percentage points lower than the region (70.6%).

Industry Class	Annual Estimated Pay (Hourly Rate)		
	Less than $15,000 (<$7.21)	$15,000 - $39,000 ($7.21 - $18.75)	$40,000+ (>$18.75)
Goods Producing	142	832	2,016
Trade, Transportation & Utilities	830	1,189	1,168
All Other Services	2,220	2,222	1,491
Total	3,192	4,243	4,675

The "All Other Services" Class is significantly underrepresented in the City of Delaware, relative to regional average. Specifically, the counties in the region collectively have more than two times the employment than the City in the following sectors:

- Information
- Finance and Insurance
- Real Estate
- Professional, Scientific and Technical
- Mgt. of Companies and Enterprises
- Admin. & Support, Waste Mgt. and Rem.

The sectors above typically operate in office environments, a limited real estate alternative in the City of Delaware. Delaware County, however, has a higher share of employment in this sector group than the region (38.0%), many located in the Polaris area.

3. Projected Employment

According to the Ohio Department of Job and Family Services', *2026 Job Outlook, Columbus Metropolitan Statistical Area,* employment in the Columbus MSA is projected grow nearly 100,000 from 2016 through 2026. A summary of the projected changes in the industries or employment categories follows.

Significant Growth	Modest Growth	Decline
• Construction	• Mining	• Manufacturing
• Financial Activities	• Retail Trade	• Information
• Professional & Business Services	• Leisure and Hospitality	• Agriculture, Forestry, Fishing and Hunting
• Education and Health Services	• Other Services	

The City of Delaware is capitalizing on the growth in the Education and Health Services sector by attracting new medical businesses with modern medical office space, such as the West Medical Center. The two most disproportionately low shares of businesses in the city are among Financial Activities and Professional and Business Services. As the table on the

following page shows, these two categories have among the highest projected employment gains.

Columbus Metropolitan Statistical Area
Projected Employment Growth
2016 through 2026

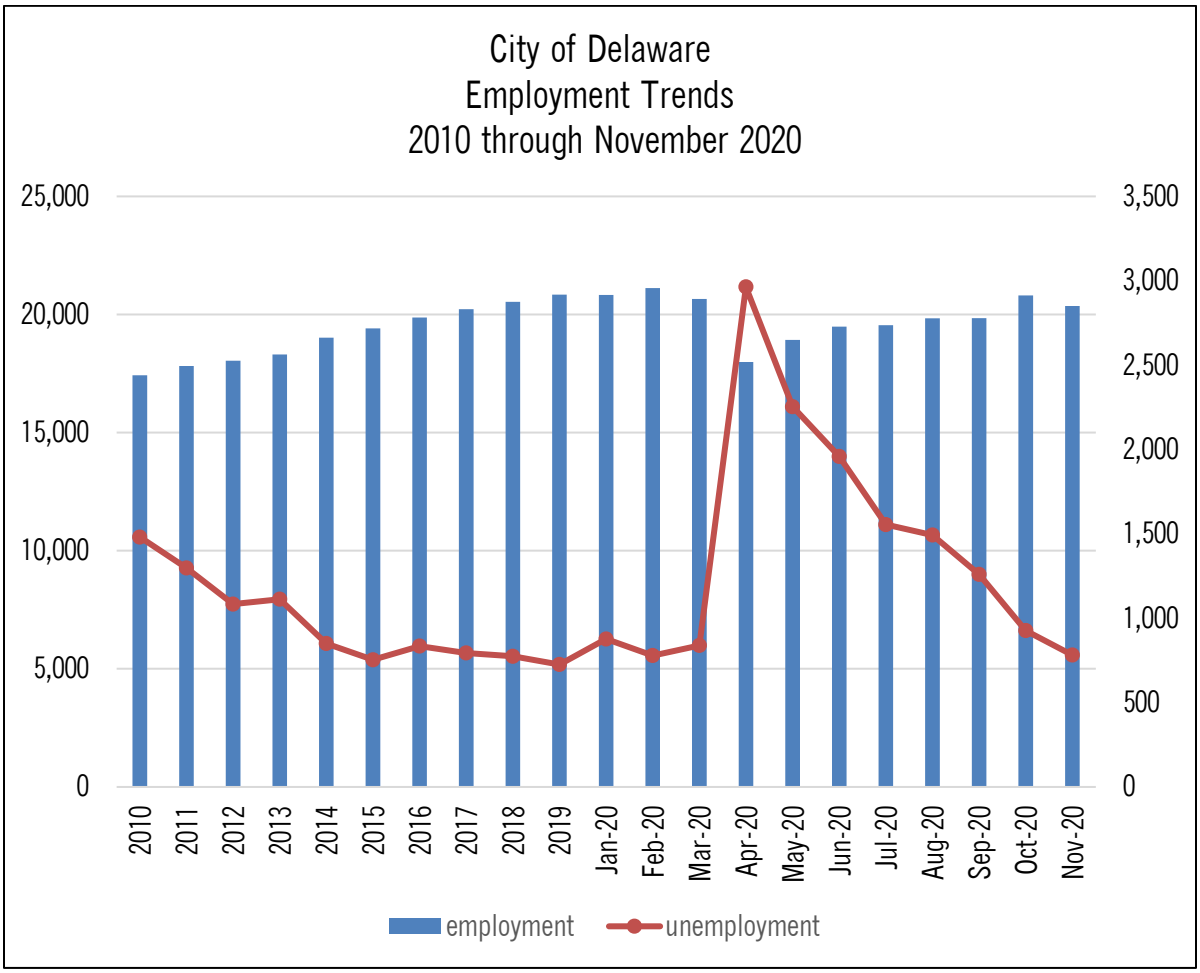
Description	Employment		Projected Change in Employment	
	2016 Annual	2026 Projected	2016-2026	Percent
TOTAL	**1,087,154**	**1,185,594**	**98,440**	**9.1%**
Goods Producing	**118,937**	**120,595**	**1,658**	**1.4%**
Agriculture, Forestry, Fishing and Hunting	10,920	10,824	-96	-0.9%
Mining	793	837	44	5.5%
Construction	35,641	39,872	4,231	11.9%
Manufacturing	71,583	69,062	-2,521	-3.5%
Trade, Transportation, and Utilities	**193,965**	**203,520**	**9,555**	**4.9%**
Wholesale Trade	36,013	36,191	178	0.5%
Retail Trade	103,716	106,221	2,505	2.4%
Transportation and Warehousing	N/A	N/A	N/A	N/A
All Other Services	**1,223,523**	**1,380,506**	**156,983**	**12.8%**
Information	**15,725**	**15,028**	**-697**	-4.4%
Financial Activities	**78,961**	**85,755**	**6,794**	**8.6%**
Finance and Insurance	65,490	71,285	5,795	8.8%
Real Estate and Rental and Leasing	13,471	14,470	999	7.4%
Professional and Business Services	**170,141**	**188,911**	**18,770**	**11.0%**
Professional, Scientific, and Technical Services	58,332	61,936	3,604	6.2%
Management of Companies and Enterprises	36,326	43,185	6,859	18.9%
Administrative and Waste Services	75,483	83,790	8,307	11.0%
Education and Health Services	**227,692**	**274,627**	**46,935**	**20.6%**
Educational Services	80,142	89,941	9,799	12.2%
Health Care and Social Assistance	147,550	184,686	37,136	25.2%
Leisure and Hospitality	**104,791**	**110,144**	**5,353**	**5.1%**
Arts, Entertainment, and Recreation	14,130	15,209	1,079	7.6%
Accommodation and Food Services	90,661	94,935	4,274	4.7%
Other Services	**44,628**	**46,604**	**1,976**	**4.4%**

Note: The Columbus MSA includes the following counties: Delaware; Morrow; Union; Licking; Franklin; Madison; Pickaway; Fairfield; Perry and Hocking

Source: Ohio Department of Job and Family Services', *2026 Job Outlook, Columbus Metropolitan Statistical Area*

4. Resident Employment Trends

The following chart was generated from the U.S. Department of Labor's, Bureau of Labor Statistics. It reflects employment and unemployment trends for the City of Delaware, Ohio. Pre-COVID 19, unemployment rates were at or near all-time lows. Unemployment rates peaked in April 2020 at 14.1% and have continued to decline each month since to November's 3.7% rate. The total employment, as of November 2020, is approximately 150 persons lower than Pre-COVID 19.



Note: November 2020 employment data is preliminary.

Overall employment in Delaware County was impacted less with fewer service-related jobs. The November 2020 unemployment rate is at 3.7%. Employment bounced back faster in the City of Delaware than the overall MSA which sits at a 4.9% unemployment rate (preliminary November 2020).

According to the U.S. Bureau of Labor Statistics, in terms of unemployment, the Leisure and Hospitality industry was the most impacted by COVID-19.

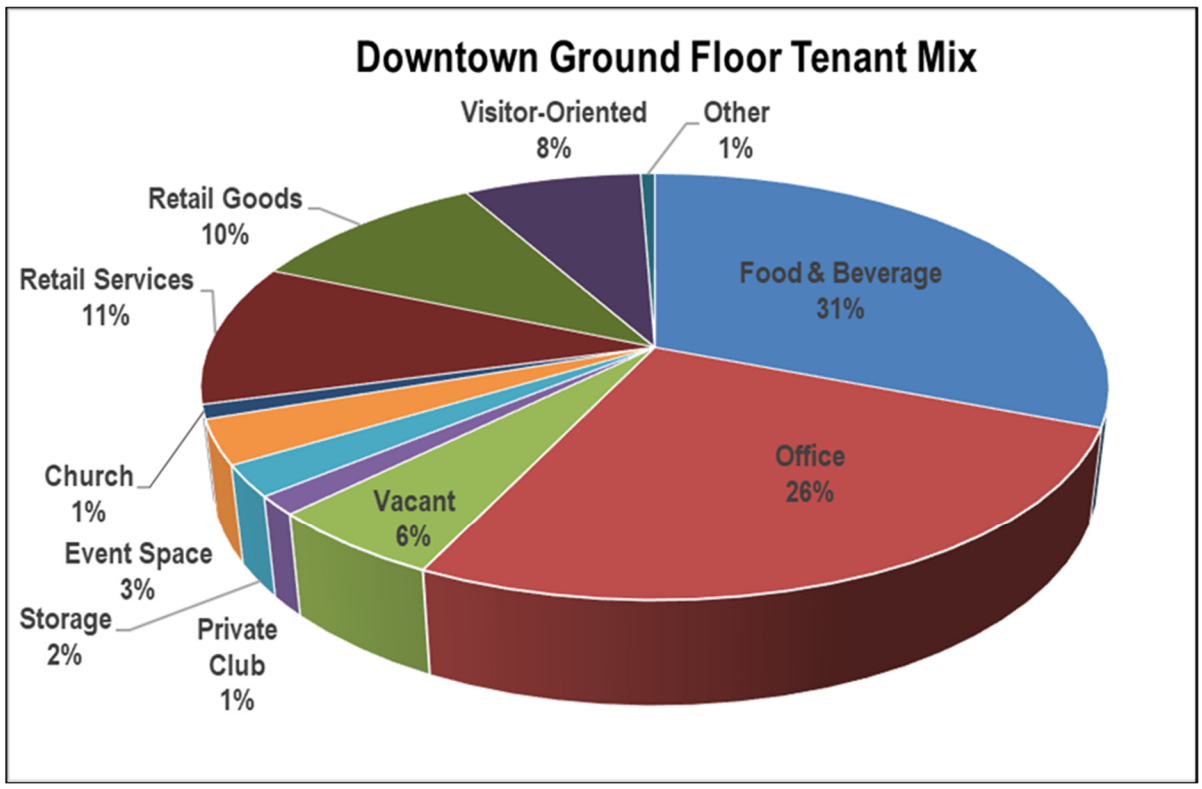
VI. Locational Considerations and Conclusions

Downtown Tenant Mix

The market potential for additional housing and commercial space in Downtown Delaware is predicated on the variety and quality of commercial businesses within the downtown. The commercial environment is an important factor in providing a vibrant shopping and entertainment area, a unique lifestyle for persons to live downtown and a place for businesses to thrive.



Based on inventory data provide by the city, there is approximately 325,000 square feet of ground floor space in the core area of Downtown Delaware. Of this space, 31% are food and beverage businesses, followed by 26% office. A distribution of ground floor space in Downtown Delaware follows.



Downtown Commercial Environment Comparisons

DDA inventoried other medium-sized downtowns in Ohio to identify the typical mix of uses associated with downtowns in different stages of maturation. Based on this comparative assessment, Downtown Delaware has a vibrant mix of food and drink establishments and high occupancy. There is a high share of office users in ground floor spaces. Office workers bolster consumer spending in the downtown, however, such a high share of offices on ground floor spaces limits opportunities for space to be used for retailers, especially visitor-oriented establishments. A comparison of the Downtown Delaware mix of uses with the average share in a variety of commercial environments follows.

Quality Of	Average Share of Uses in Downtown Ground Floor Space by Quality of Environment					
Environment	Food & Drink	Vacant	Visitor-Oriented	Offices	Retail Goods/Services	Other Uses
Poor	10%	30%	0%	10%	10%	40%
Limited	15%	25%	3%	10%	14%	33%
Fair	25%	15%	5%	15%	20%	20%
Healthy	27%	10%	10%	20%	23%	10%
Vibrant	30%	5%	13%	20%	27%	5%
Delaware	*31%*	*6%*	*8%*	*26%*	*21%*	*8%*

Overall, it is DDA's opinion that the downtown area rates at a healthy-to-vibrant commercial environment. The introduction of additional visitor-oriented retail will immediately improve the downtown and attract more visitors, patrons and residents (see examples of visitor-oriented tenants below).

It is important to note that the downtown has a vibrant mix of restaurants in the downtown area. While there is additional support projected for restaurants in the City of Delaware over the next five years, we recommend limited placement of additional restaurants in the downtown. A disproportionately high share of restaurants can adversely impact other retailers as lease rates increase and there is a lack of new space for other resident and visitor-oriented uses.

Downtown Delaware has most of the common businesses found in other well-developed downtowns. A list of additional downtown ground floor visitor-oriented and retail goods/services tenants not in Downtown Delaware but present in other downtowns follows.

Tenant Types Not Located in Downtown Delaware

<u>Visitor-Oriented</u>

- Arcade bar
- Bicycle shop
- Candle shop
- Painting studio
- Vintage shop

<u>Retail Goods/Services</u>

- Bridal shop
- Drug store
- Jeweler
- Pet groomers
- Pet supplies

Drug stores in downtowns, notably, are those that have typically been in the market for decades.

Key Market Characteristics by Development Type

A market exists for a wide variety of development types throughout the City of Delaware. It is important that future (re)development include key site characteristics and complementary land uses to maximize marketability. A summary of key characteristics by development type follows.

Multifamily Rentals

Apartment development benefits from visibility to high volume traffic (at least 10,000 cars per day). A site with limited visibility will have difficulty in getting enough prospective renter traffic to sustain occupancy levels. The next generation of renters (Millennials) are attracted to mixed-use environments, especially housing that is within walking/biking distance to coffee shops, parks, brew pubs, restaurants and within a quick commute to work. Maximizing density of housing is important to contributing to the mixed-use environment.

For-Sale Housing

Homeowners are making a long-term commitment and the primary concern is having a home in an attractive environment and, for young family homeowners, highly rated schools. Most single-family subdivisions are surrounded by single-family homes and homeowners pay premiums to be adjacent to golf courses and other types of passive greenspace or wooded wetlands. There are successful examples of single-family master planned communities connected to common area amenities and even commercial town centers via walking paths. Based on DDA's online survey of other Ohio communities, the ability to walk to a park is viewed as one of the most positive proximate amenities.

Retail/Restaurants

Market exposure is essential to the success of retail/restaurants, including the high volume of vehicle traffic and in the case of downtown, also pedestrian traffic. Retailers generally want to be next to other retailers within the traffic pattern and/or view of an anchor store. Retail strip centers or small neighborhood retail development are the most vulnerable to changes in the marketplace.

Offices

There is a general lack of quality modern office alternatives, especially those larger than 5,000 square feet. While office users want "good" office space, it is more important to have nearby restaurants that can be quickly and easily accessed for their employees and clients. Grocery stores also are shopped regularly by office employees (source: ICSC).

Hotel

Hoteliers require sites with nearby traveler services, most notably multiple restaurants. Proximity to demand drivers such as businesses, visitor attractions and student population concentrations are also important considerations.

Industrial

Access to highways remains one of the most important supporting factors for industrial development. Heavy and medium manufacturers typically desire a location remote from population to avoid any future environmental conflicts. Users of industrial buildings with appreciable amounts of office space, like Flex space, have locational needs similar office users.

An optimal location for a market-supported development can maximize marketability of a development and enhance the marketability of surrounding uses and encourage future development.

Conclusions

The results of DDA's real estate market assessment of the City of Delaware shows strong underlying market factors to support additional real estate development, including, but not limited to the following:

- Current low to moderate vacancy rates
- Lease rates supporting renovation/construction costs
- Significant household growth
- Low unemployment rates
- Increased resident spending power
- Sustainable sales/absorption rates

The city currently has limited office space and lodging, emphasized by the city's changing demographic/economic landscape. While COVID-19 has certainly contributed to a pause in the commercial development market, it is DDA's conclusion that the demand will continue to exist for these types of real estate beyond the pandemic. To facilitate office development, especially multi-tenant for lease space, the city likely will have to provide some financial incentives.

Market demand, in and of itself, is not enough for successful real estate development. Location plays a key role in the success of real estate development and the economic impact on the surrounding uses. Priorities for real estate development should revolve around existing assets, such as the vibrant downtown and other complementary uses (refer to page 7 for recommended priority development areas).

EST 1808

CITY OF DELAWARE OHIO

Real Estate Market Assessment

City Council Meeting

March 1, 2021

DDA

About Us

- DiSalvo Development Advisors (DDA) established in 2010
- Pete DiSalvo, Founder and President
  - More than 25 years industry experience
  - Worked in 46 of 50 states
- Mixed-use (re)development represents largest share of work



Central Ohio Clientele	
Public Sector	**Private Sector**
• City of Columbus	• Evans Farm
• City of Dublin	• Lifestyle Communities
• City of Gahanna	• Mid Ohio Development
• City of Grove City	• Paran Management
• Village of Minerva Park	• Pizzuti
• City of Upper Arlington	• Vision Development

DDA

Purpose of Report

- Detailed assessment of market-supported development opportunities
- Document research relevant to builders
- Strategic tool for city staff charged with planning and incentivizing future development

DDA

DDA's Process

- Identification of Market Conditions by Development Type
  - Review of prior research
  - Collect detailed inventories
  - Identify occupancy and prevailing rates
  - Development characteristics
- Demographics
- Labor Force
- Locational Factors
- Priority Development Areas

Rental Housing

- Surveyed 24 apartment properties (50 or more units), 3,171 units
- 97% occupancy level
- High achieved rent levels
  - 1BR - $935 to $1,175
  - 2BR - $1,195 to $1,715
- Projected growth of 1,289 renters since 2010
- Support for up to three apartment developments of 186 to 260 units over next five years



For-Sale Housing

- Annual (re)sales of nearly 1,000 homes
- 1/3 home sales are new homes
  - New avg. price - $316,219
  - Resale avg. price - $242,562
- Home sales rates achieved of 5.6 homes per month
- Limited condominium development, sales rate of 1.5 UPM
- Projected increase of 2,454 homeowners since 2010
  - ¼ of owners age 65+



DDA

Retail/ Restaurants

- 1.3 Mil square feet of shopping center and stand-alone retail and restaurant space
- 88.8% Occupancy rate
- Small retail shops typically lease for $16 to $20/per square foot
- Large retail spaces leasing for $8/per square foot
- By 2025, residents will have spending power of $700 Mil
- Demand for additional 210,000 square feet of retail and restaurant space by 2025



DDA

Offices

- DDA surveyed 450,000 square feet of office space
- 80% Occupancy Rate
- Full-service lease rates of $19 to $20/PSF; $16 NNN medical office
- Capturing 2.5% of the regional growth = 70k to 80k SF additional office space
- COVID19 Impact – 88% office workers want to return to the office; workers want more space for social distancing



DDA

Lodging

- Four lodging properties, 193 total rooms (excl. two B&Bs)
- No moderate to high-priced hotel options in city
- Oldest and lowest priced lodging in county
- Polaris area achieved 70% occupancy in 2019, with an ADR of $127



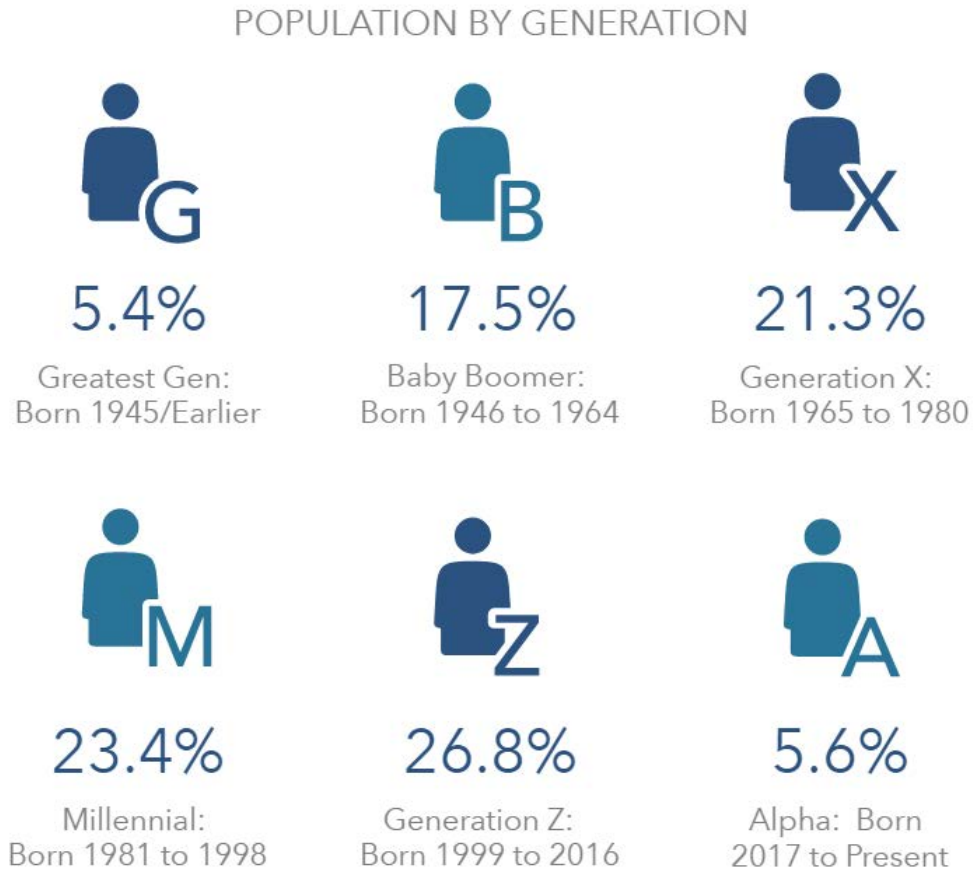
Industrial

- DDA identified 6.5 million square feet of industrial space
- Majority owner-occupied
- 2/3 industrial space is 30+ years old
  - More than 1/5 built more than 50 years ago
- Occupancy rate of 97.2%
- Average asking lease rates - $3.25 (warehouse) to $7 (flex)
- The flex space at the Innovation Center has attracted a wide range of business sectors



Demographics

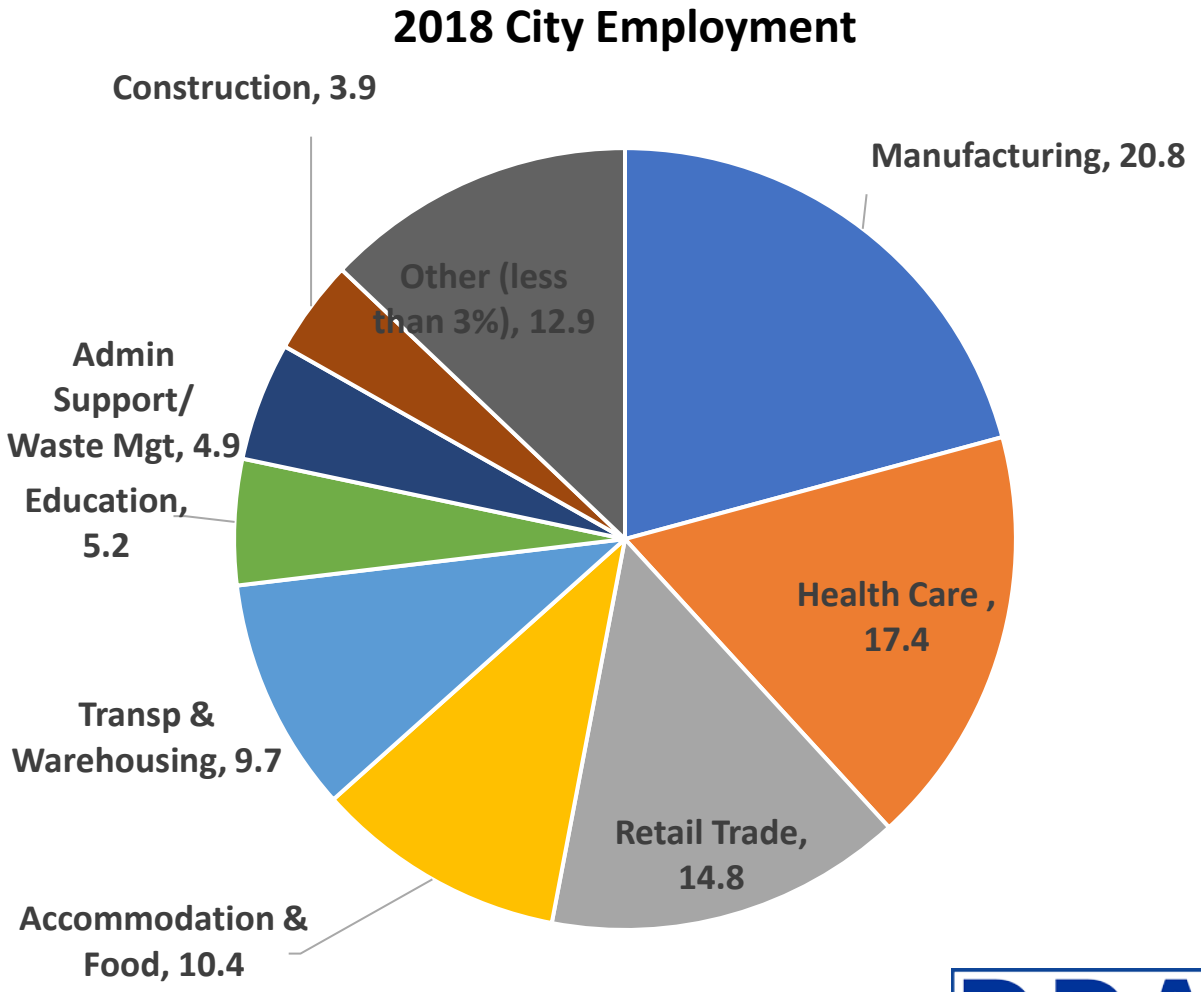
- 2010 to 2025 Change
  - +10,000 population
  - +2,454 homeowners
  - +1,289 renters
- Significant increases among higher-income households
  - 2020 Median - $69,051
  - 2025 Median - $75,371
  - 3,727 renter households with incomes above $40,000
- Well represented by Millennials
- Spending power increases by 2025
  - $100 Million in retail trade
  - $19 Million in restaurants/F&B



DDA

Labor Force

- Resident labor force increased 60% in past two decades
- 21,000 employees, 1/5 Delaware County
- Substantial growth white-collar occupation, projected to continue regionally
  - Professional & Business Services
  - Education & Health Services
- Low to modest growth among blue-collar occupations
  - Growth largely supported by non-residents



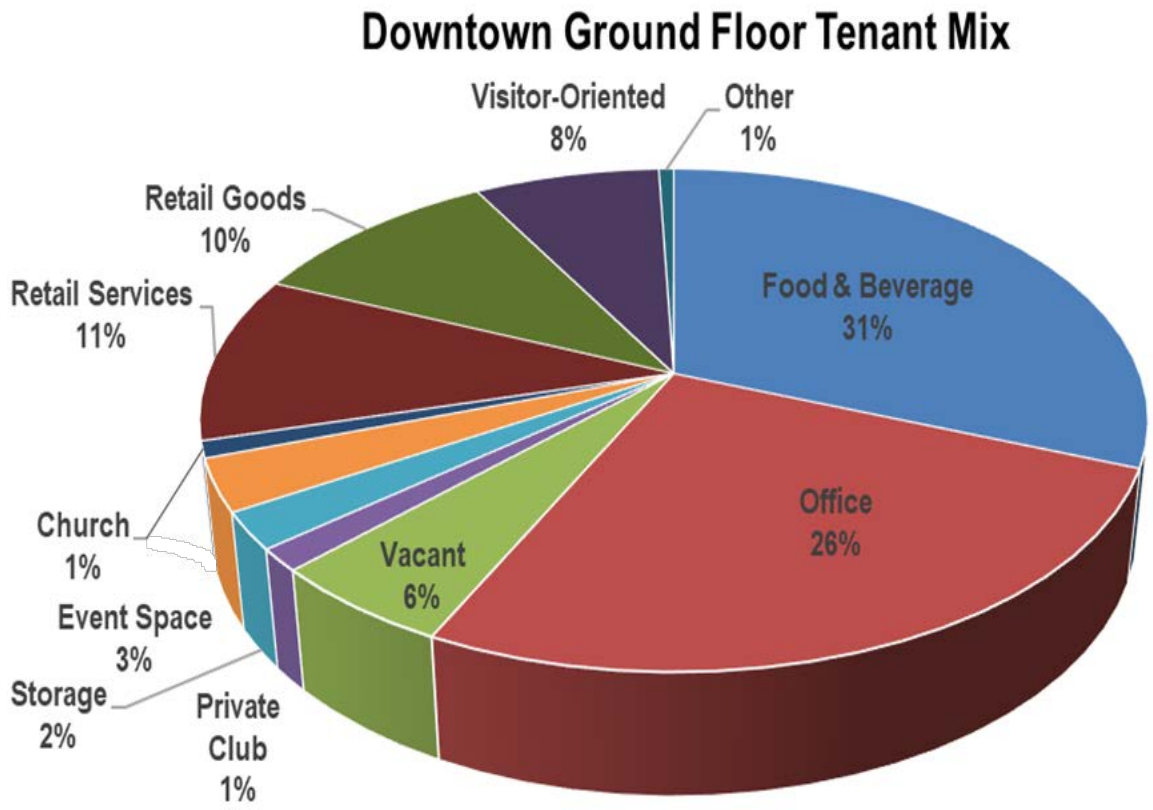
Locational Factors

- Multifamily Rentals
  - High volume traffic visibility
  - Mixed-use environments, proximate highway, retail and restaurants
- For-Sale Housing
  - Attractive environment
  - Highly rated schools
  - Passive green space, wooded wetlands, parkland, golf courses
  - Connection to common area amenities, possibly commercial town centers
- Retail/Restaurants
  - Market exposure, high volume of traffic, proximity to other retail
- Offices
  - Nearby restaurants
  - Convenience and personal care retail
  - Ease of access
- Hotel
  - Traveler services, restaurants especially
  - Proximity to demand drivers
- Industrial
  - Highway access
  - Removed from populated area for heavy and medium industrial
  - Flex users want similar factors as office users

DDA

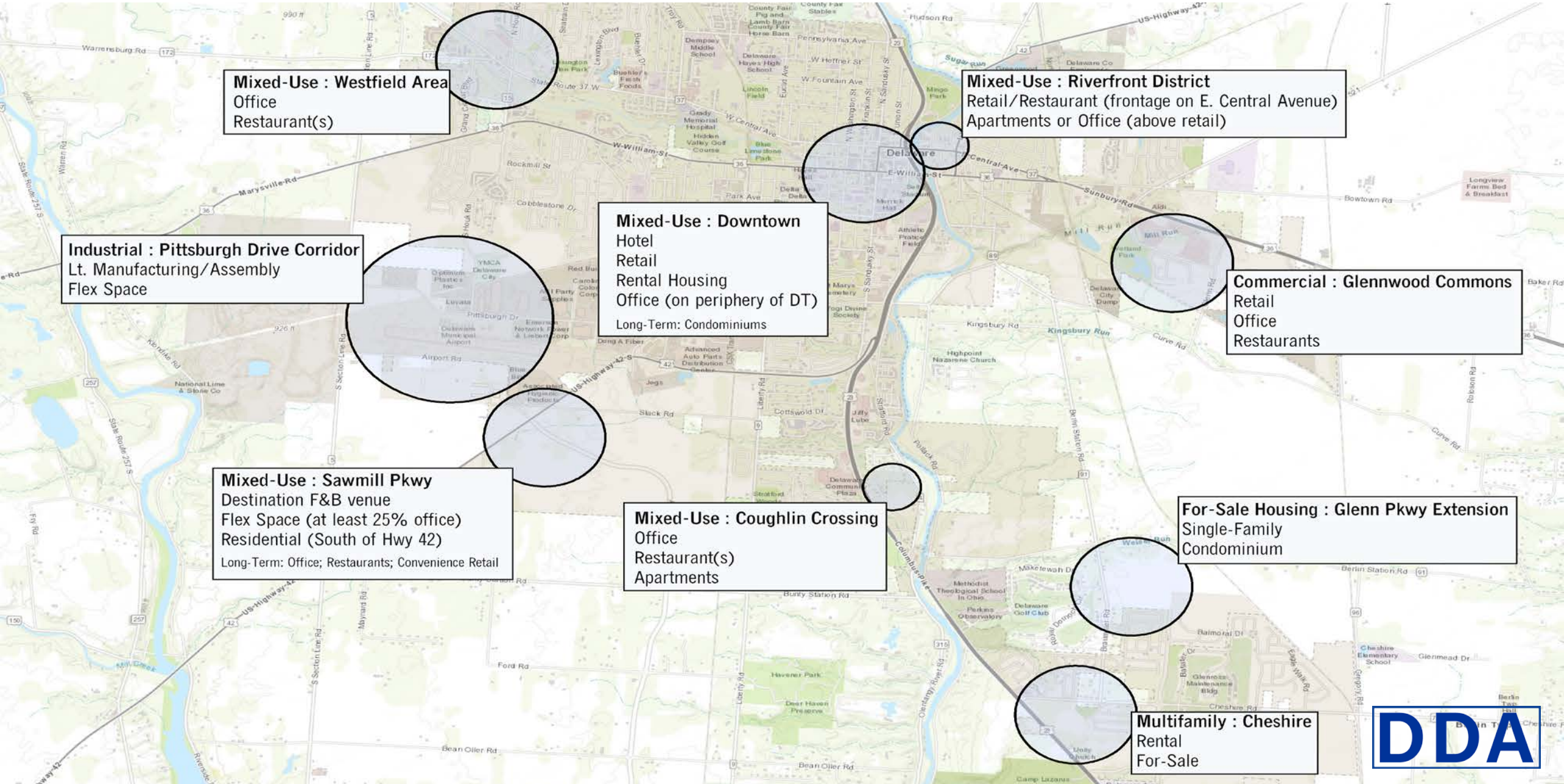
Downtown Environment

- Downtown provides a healthy-to-vibrant commercial environment
- Strong F & B offerings
- Slightly higher share of ground floor office space
- Downtown can be further enhanced with additional visitor-oriented & retail goods/services businesses



DDA

Priority Development Areas



EST 1808
CITY OF
DELAWARE
OHIO

MEMORANDUM

TO: Mayor and Members of City Council
FROM: R. Thomas Homan, City Manager
VIA: Kyle Kridler, Assistant City Manager
DATE: February 25, 2021
RE: Aggregation & Sustainability

Background & History

The City has been approached over the years on a few occasions by energy brokers, stakeholders, and special interest groups seeking to have the City aggregate electricity for the Delaware community. Under aggregation, all electricity users in the city, with the option of including the City itself, are combined (aggregated) and supplied by one vendor, unless the user opts out. This provides a bulk rate that could give all users a discount. In 2014, the City explored three options to cut its electricity costs. 1) Aggregation 2) Solar Plan Project and 3) Using a third-party expert to negotiate a discounted rate on electricity used by the City (which is highlighted below from former City Attorney, Darren Shulman). The information from Darren's memo provides useful background information which walks through staff's recommendation at the time, updated comments are indicated in red.

Darren Shulman's Memo from 2014

> "After meeting with FirstEnergy (a company seeking aggregation) and a staff member from PUCO, it was the consensus of staff that it did not make sense to pursue aggregation at this time for the following reasons:
>
> 1. Staff time/resources: Aggregation requires the electorate to vote in favor of aggregation. To be successful, staff would need to conduct a great deal of community outreach and education to explain what aggregation is. If public approves of aggregation, citizens must then be educated that their electricity provider will change and how to opt out. In addition, aggregation requires staff to issue and evaluate an RFP to determine which company will serve the entire city.

2. Likely confusion: If passing aggregation legislation is successful, people would be educated that their provider will change. They are given a chance to opt out, and if they fail to take that opportunity, they are stuck with the new provider. According to PUCO staff, invariably some people (usually older citizens) miss the notification and fail to opt out. They are then confused and displeased when they start receiving bills from a new electric company they didn't sign up for. That leads to increased call volume to the city. Citizens who change after the opt-out period would have to pay a cancellation fee. Aggregation does not guarantee a lower price, more so depends on the market at the time of purchase.

3. Other alternatives to the City: Through evaluation of our options, staff determined that using a third-party expert to evaluate electricity offers and evaluate proposals was a more cost-effective way of reducing its electric costs. The City has been with Scioto Energy for the past seven years who negotiates electricity rates on behalf of the City (see Scioto Energy letter attached for more detail).

4. May not be best deal: Though in theory, having more people in the pool would seem to increase the discount, the electricity rate is also dependent on other variables such as when the electricity is used, when it is purchased and whether it is being used during peak times. For example, discounts can be given when a user doesn't use electricity during peak hours. If we include the entire city, that could reduce our ability to get these discounts.

5. Other alternatives for citizens: the PUCO representative who met with the City noted that individuals have the opportunity to save on their electric bills without aggregation. Using the "apples to apples" comparison tool on the PUCO website (http://www.energychoice.ohio.gov/), citizens can easily compare rates and select a cheaper provider. The PUCO staff member recommended focusing our energies on educating our citizens that they have this option and offered to host information sessions.

6. Freedom of choice: Although there is an opt-out provision, some staff expressed unease at removing citizens' freedom to choose their own electric provider.

PUCO has a useful overview of aggregation that can be found here: http://www.energychoice.ohio.gov/Pages/What%20is%20Aggregation.aspx"...

Darren's memo concluded with the following recommendations: "There are two options we can explore to help our citizens save money on their electricity.

1. We can continue to explore aggregation. However, because we have signed on with an energy provider, the City as a user could not be part of that aggregation but could be included in future years.
2. We can work with PUCO to educate the public about how to use the apples-to-apples comparison to select their own electricity provider."

Further Information on Aggregation

There are a few options and approaches when it comes to energy aggregation in the state of Ohio. Per the Ohio.gov's aggregation webpage, "Ohio's law allows for local government aggregation by cities, townships, or counties, with "opt-in" or "opt-out" provisions for their consumers." Most recently, the City of Delaware has been approached by entities that are requesting "opt-out" aggregation and have also heard from entities such as Sustainable Delaware looking for additional green/sustainable energy sources.

Per the EPA's website, "Community choice aggregation (CCA), also known as municipal aggregation, are programs that allow local governments to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources."

<u>Energy Aggregation Process</u>

Per the Ohio.gov website on aggregation, "If the local government chooses opt-out aggregation, a number of additional requirements must be met, including the following:

- First, a majority of voters must authorize opt-out aggregation in an election.
- If authorized by a majority of the vote, the local government must form a plan of operation and management. They must also hold at least two public hearings to allow consumers to voice any concerns over the proposed plan.

- Once the local government has adopted the plan, each consumer that is to be aggregated must be notified that they will be automatically enrolled in the program unless they specifically elect not to participate. This notification must also state the rates, charges, and other terms and conditions of enrollment in the program.
- The local government must allow anyone enrolled in the program an opportunity to opt-out. For natural gas aggregation consumers the opt-out is available every two years without paying a switching fee. For electric aggregation consumers, the opt-out is available every three years without paying a switching fee.

Some things to consider about government aggregation:

- Consumers in an area where government aggregation has been approved will not need to sign a contract; they are automatically enrolled unless they opt-out.
- Those who do not explicitly opt-out and are in a government aggregation area are automatically included in the municipality's aggregation. If these consumers do not opt-out and then choose a new supplier, they remain customers of the government aggregation program.
- Consumers in an area with government aggregation who want to remain with their local utility will need to opt-out of the aggregation program and switch to their local utility."

<u>Sustainable/Green Energy Aggregation</u>

City staff and Council have also been approached by a number of stakeholders, including Sustainable Delaware (see attached letter of support) that are supporting energy aggregation for the purposes of being more sustainable/green when sourcing energy for the community. In my research, I found the following article to be quite helpful in weighing the PROS & CONS of Community Choice Aggregation (https://solstice.us/solstice-blog/community-choice-aggregation/):

> **"PROS of Community Choice Aggregation**
> Community choice aggregation programs come with a few important benefits for the communities that start them and the individuals that live there.
>
> *1. CCA's can leverage the purchasing power of a larger buying group* - By grouping together an entire town or multiple towns, local governments have a leg to stand on to

negotiate lower prices. Sometimes they can lower gas and/or electric rates for community members by as much as 10-15%.

2. *CCA's can choose to source clean energy* - By nature, community choice aggregation switches many households to a single energy supplier all at once. If that supplier produces clean energy, a CCA can drastically reduce its community's carbon footprint.

In fact, that's one of the biggest reasons many CCA's get formed. By aggregating demand, communities looking to support a clean energy future can have a large impact on carbon emissions. It shouldn't be surprising, then, that 4 of the 8 states that allow for community choice aggregation are also among the top 10 solar states in the country.

3. *CCA's can give local communities more control over their power*. - Joining together on a single energy plan can allow communities to support local supply that matches their values and regional needs. It can reduce their reliance on national or global energy markets, and it can also give them more flexibility to adapt as times change.

4. *CCA's can be a good, non-exclusive way to support a clean environment* - CCA doesn't prevent a community from going even further to support clean energy by joining a program like community solar, which delivers more clean energy into the grid used by every customer of the local utility.

CONS of Community Choice Aggregation

While CCA's come with a host of benefits, they don't always work for all communities or for all residents of a certain community. Here are a few things to consider before moving forward on energy aggregation as a City:

1. *CCA's don't necessarily save you money* - Ideally, CCA's are designed to save community members on their energy costs–they're typically negotiated at a lower rate than the utility's rates from the previous year. But that doesn't mean costs won't change over time, resulting in higher rates than you would have paid if you had stayed with your utility. In other words, community choice aggregation can't guarantee you savings. More on this below.

2. *Green programs from a CCA usually cost extra* - Unlike other clean energy options like community solar, green programs from an energy supply company (ESCO) usually cost

more. The discount from buying in bulk might or might not offset these extra costs. Many CCA's will give residents the option to choose between a green program and a basic savings-oriented program. Other clean energy options save you money at the same time.

That being said, these programs aren't always the greenest option available to the community. ESCOs who provide the energy for CCA's, can build out their energy generation anywhere. If there is cheaper land far away, they can build there–and then build out infrastructure to transport that energy to your town. That extra infrastructure can ultimately increase your energy's carbon footprint.

Clean energy from far away is still better than dirty energy from close by–it's just not quite as good as clean energy from close by.

Recommendation & Next Steps

As Council is aware, we have heard from the perspective of an energy broker (Aspen Energy) and supplier (AEP) back in October of 2020. At the upcoming work session on March 1, Council will hear additional presentations from Scioto Energy (the City's energy broker) and NOPEC. Greg Bechert, Managing Partner at Scioto Energy and Fritz Drake, their Business Development Manager will provide Council with an overview of how the city purchases power, and their perspective on aggregation. The second part on this topic will be a presentation from Chuck Keiper, Executive Director of NOPEC, the Northeast Ohio Public Energy Council. NOPEC is a Council of Governments which provides aggregation for 240 Ohio Communities.

Sustainable Delaware is expected to provide public comment at the March 8 Council meeting regarding their position on energy aggregation.

As has been stated above, there are various factors to consider when contemplating the decision to pursue aggregation for the community. It would be beneficial to determine what the goal is for Council and the community before making the decision to move forward with aggregation. Is it to save money for the utility customers, is it to encourage more sustainable energy production or other? These goals may not necessarily align, so further discussion would be of value.

It is staff's recommendation, as was shared during the 2021 Council Goals work session, that the community ballot issue be pursued in 2022 should Council and the community wish to move forward with it. As a part of the continued evaluation, staff will connect with other communities on their experience with energy aggregation for additional feedback.

City of Delaware Energy Overview

To All:

In response to Kyle's request, allow me to begin by providing background on Scioto Energy and its relationship with the City of Delaware over the past 7 years.

Scioto Energy was founded in 2009 by Greg Bechert and Susanne Buckley, two veterans with over 50 years of combined experience in the wholesale and retail energy industry. By focusing on client communication, education, and empowerment, Scioto Energy is able to help its clients successfully navigate the constantly changing waters of energy deregulation.

It's the main reason why they have grown to be the largest energy broker in the state of Ohio (according to the PUCO) with over 8500 accounts under management consuming nearly 4 TWh's of electricity. In addition, Business First recognized Scioto Energy as one of the 50 Fastest Growing Businesses in Central Ohio and both partners (individually) as one of the Top 20 People to Know in Energy in Central Ohio.

In 2013, after growing frustrated managing its energy internally with a local supplier, the City of Delaware decided to conduct a formal process whereby it would select an energy consultant to advise and assist the city in its purchase of electricity. To the lay person who's not familiar with the process, it can be a complicated, intimidating experience that can have a very negative financial impact if handled incorrectly.

Following a competitive Qualifications-Based Selection Process, the City hired our firm to assist former Asst. City Manager Jackie Walker in completing the task.

In collaboration with the City, Scioto Energy prepared and issued an informal procurement process identifying the type of product, term, and other parameters specific to the opportunity and then issued that to our entire portfolio of 30+ energy suppliers licensed in Ohio.

After the deadline for submission was reached, we prepared a scorecard identifying all of the responders and their respective offers and term, ranking them from lowest to highest., and then sat down with the City to review the offers as well other contractual parameters that need to be considered in order to narrow the list down to two or three finalists.

Once they have been identified, we commence the legal review sharing our insights with the client's selected legal team.

Upon successful negotiations of contractual terms, we identify the day and time that the finalists need to submit their best and final offer, from which a winner is selected and contract is entered into.

Much like wheat, corn and soybeans, electricity is a traded commodity that can change dramatically from one day to the next, not to mention a procurement process that can span 4-6 weeks from the initial request for pricing to signing of an agreement. That is why it's important to have a partner who can help provide insight/facts as to what is happening in the market so the buyer can feel comfortable and confident that when they move forward, it's the right decision for their specific risk appetite.

We view our relationship with the City as one that is constantly evolving. I am a familiar face at City Hall and am always available to answer questions or work to resolve any electricity-related matter. Should anything need to be addressed at a higher level, Greg and Susanne will be glad to get involved.

On a few occasions earlier this year, Elke Lonas and I worked together on a couple billing issues that were the result of a change in suppliers from the previous energy agreement to the new one that is now in place. I also advised Kyle when he was approached by a supplier that was a little short on the details when discussing the advantages of joining forces with them.

Rest assured, our relationship with the City or any client doesn't end once a deal is finalized. In reality, it is just beginning and one of the reasons we believe contributes to our standing as Ohio's best and most reliable energy and consulting firm.

The City's current agreement with Freepoint Energy began this past January and expires in January 2023. As a rule, suppliers are reluctant to issue a price offer for a current or potential customer if their current agreement has 18 months or more to run. So while we are always monitoring the market, as well as the regulatory front for any developments short or long term that may impact pricing, we will be totally focused on it at this time next year with the City as a vested partner.

In closing, I hope this essay has helped to define our role as the City's energy partner. We are grateful for this opportunity and will never take it for granted. Should you have any questions, please contact me anytime. I also encourage you to visit our website at www.sciotoenergy.com

All The Best!

Thanks,

Fritz Drake

Scioto Energy

614.329.4802 cell
fdrake@sciotoenergy.com
www.sciotoenergy.com

NOPEC Membership Proposal

City of Delaware, OH



NOPEC℠
No one does more to lower your utility bills.℠

Energy Deregulation

Gas deregulation began in Ohio in 1997 – HB 476
Electric deregulation began in 2001 - SB 3

GOAL: Provide choice and discount pricing to consumers
METHOD: Separate **supply** and **distribution**



Utilities are still regulated by PUCO

- Provide pipes and wires
- Read your meter
- Send the bills





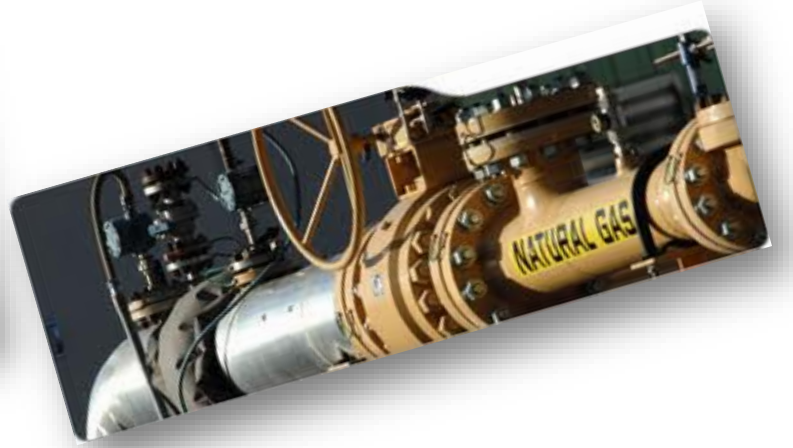
NOPEC
No one does more to lower your utility bills.

Benefits of Aggregation

Opt-out aggregation was included in the deregulation legislation to allow communities to provide programs for its residents and small businesses

- Potential for savings due to larger buying power
- Ability to negotiate better Terms and Conditions
- Allows for more pricing/product options
- Protects participants from confusing or misleading offers
- Helps communities better manage their collective energy goals





NOPEC℠
No one does more to lower your utility bills.™

NOPEC: The Safe Choice

No Risk Terms and Conditions

Keep it Simple: NOPEC offers more product choices than any other aggregator and no penalty to change rate plans

Beware of For-Profit Competitor Offers

ONE MONTH FREE!!!
(If you pay 239% more for 11 months)

$2.17 Natural Gas and Rewards Card!
(for 10 months only – then 'index rate')

"Preferred Supplier"
(utilities can't have preferred suppliers)

15,000 Rapid Rewards Points
(and then pay an unpredictable 'discretionary' variable rate)



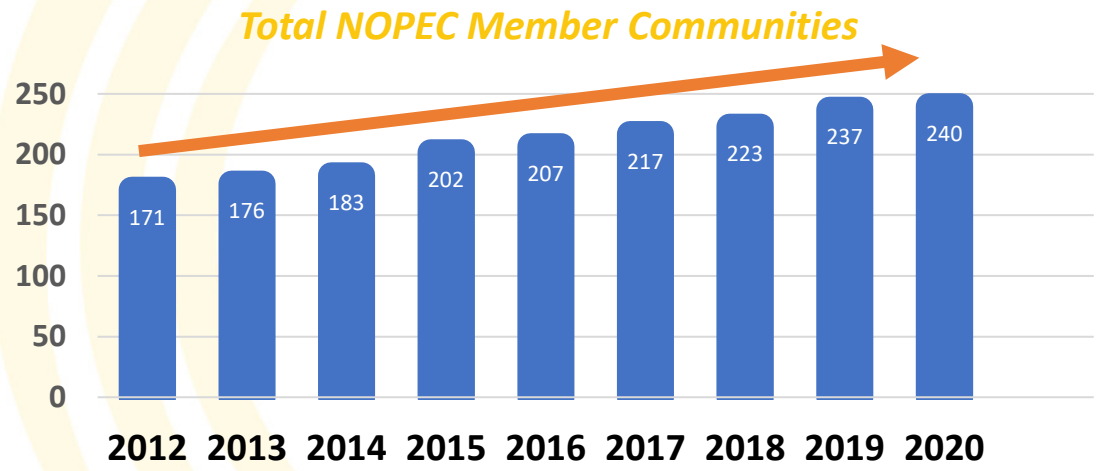
NOPEC Membership

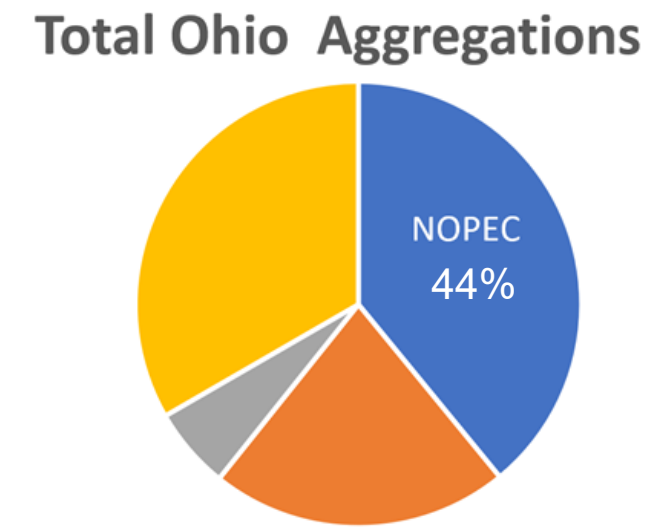
Non-Profit Council of Governments

- Operated by the members for the members

Largest Public Energy Aggregation in Ohio

- 520,000+ electric and 425,000+ gas customers
- 240 communities in 19 counties





The NOPEC Mission

NOPEC exists to:
Serve our Member Communities and Consumers

NOPEC Core Focus:
Aggregate, Educate, and Advocate To Maximize the Value of Membership



NOPEC's 3 Uniques:

1. Competitive Pricing
2. We Give Something Back
3. We've Got Your Back

We buy bulk energy and pass the savings on to you

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NOPEC Governance

Member-directed: Every community has a voice

- Each county/region has a vote in electing their representative to the NOPEC Board of Directors
- Each community appoints a representative to the NOPEC General Assembly

The General Assembly:

- Decides on the rules under which the organization is governed
- Votes on the annual budget

2021 NOPEC BOARD OF DIRECTORS

RON MCVOY
Ashtabula County

DAVID SCHEFFLER
Central Ohio

JOHN ZEHENTBAUER
Columbiana County

GEORGINE WELO
Cuyahoga County

WILLIAM KOONS
Geauga County

G. STUART O'HARA
Huron County

HOLLIE BARTONE
Lake County

DAVE LESHINSKI
Lorain County

ROBERT MCCRACKEN
Mahoning County

PAUL BARNETT
Medina County

MICKEY MAROZZI
Portage County

ANDREW SMALLSTEY
Richland County

AARON MONTZ
Seneca County

STEVE PATTERSON
Southeast Ohio

MARK BECKDAHL
Southwest Ohio

JOE MAZZOLA
Stark County

NICK MOLNAR
Summit County

DOUG FRANKLIN
Trumbull County

The NOPEC Board meets a minimum of 6x/year

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How NOPEC is Funded

- NOPEC receives fees from the energy suppliers who supply our customers with natural gas and electricity

  * These fees are negotiated during the bid process and are calculated based on the value of savings suppliers with garner in working with NOPEC. These savings take the form of non-incurred marketing costs to identify, land, or retain those customers individually.

- NOPEC does not receive any funding from residential or small business customers, taxpayers, or the communities that we serve. No community or customer has ever paid a fee to be a member of NOPEC.

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How is NOPEC Different from Other Suppliers/Brokers?



- Non-profit
- Member-directed
- Committed to serving the interests of the communities and publics we represent
- Robust consumer advocacy agenda
- Accessibility & Service: Dedicated Relationship Management Team
- Transparency, Longevity & Financial Stability
- Develop products and programs based on ongoing outreach and research with customers and communities

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NOPEC Electric Pricing

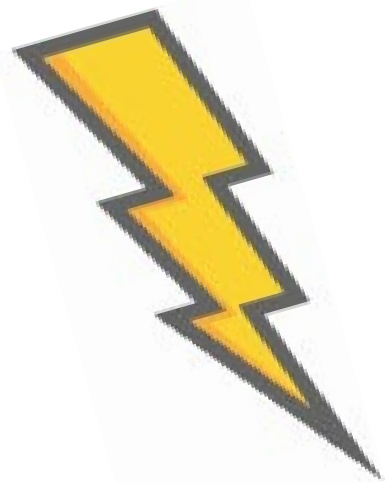
More flexible, customer-driven options than any other aggregator

Standard "Best in Class" electric rate:

- Market competitive Program Price – minimal rate volatility with flexibility to adjust if market continues downward trend

Optional "Best in Class" electric rates:

- Guaranteed Savings Monthly Variable Price
  - 6% off residential utility "price to compare"
  - 4% off commercial utility "price to compare"
- 12 or 24 Month Fixed Term Price
- 100% renewable energy options



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NOPEC Natural Gas Pricing

More flexible, customer-driven options than any other aggregator

Standard "Best in Class" natural gas rate:

- 80% of natural gas sourced from Ohio
- Market competitive Program Price – minimal rate volatility with flexibility to adjust if market continues downward trend

Optional "Best in Class" natural gas rates:

- Guaranteed Savings Variable Price
  - .02 off/mcf from utility SCO
- 12 or 24 Month Fixed Term Price

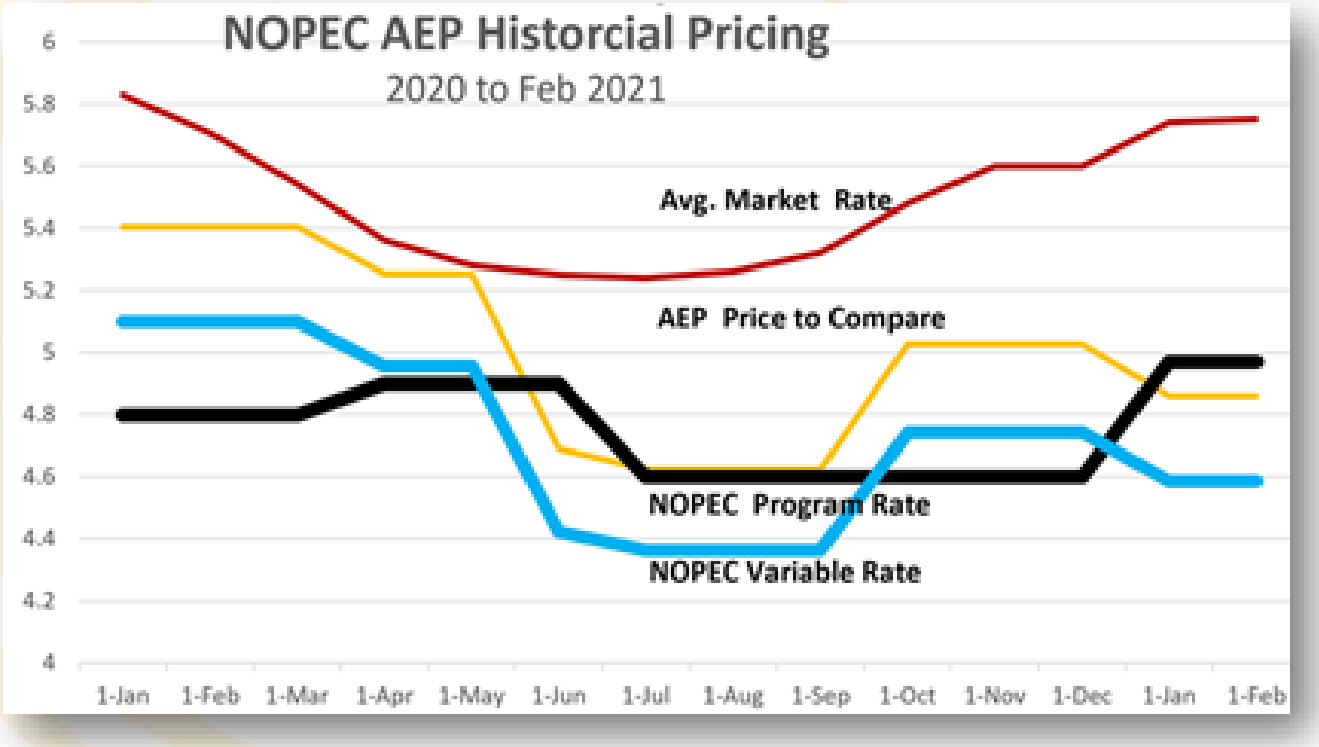


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NOPEC Pricing

No Risk Terms and Conditions

Keep it Simple: NOPEC offers more product choices than any other aggregator and no penalty to change rate plans



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NOPEC's Three Uniques

We Give Something Back

Exclusive Member-Benefit Programs:

- **NOPEC Grants**
  - $22,000,000 grant awards over the past four years
- **NOPEC Event Sponsorships**
  - $1,200,000 sponsorship awards in past four years
- **Low-Interest Commercial & Industrial Loans**
  - PACE and STEP financing for energy improvement
- **Dedicated Community Liaison**
  - Provide information and access to all off NOPEC's resources



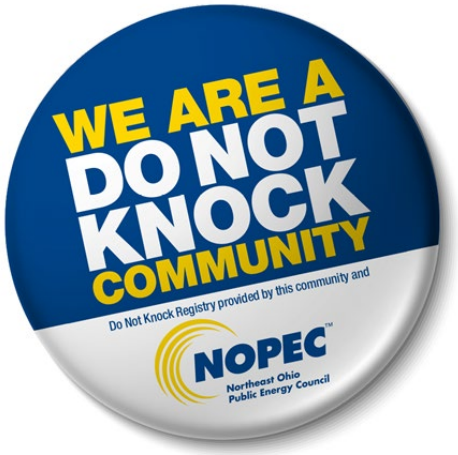
NOPEC℠
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NOPEC's Three Uniques

We Give Something Back

Exclusive Member-Benefit Programs:

- **Community Outreach Programs**
  - Senior programming and education tools for schools and libraries
- **Do Not Knock Program**
  - Turnkey program maintained by NOPEC that prohibits door to door solicitation to enrolled households
- **Energy Advisor Program**
  - No cost analysis of your energy usage and costs



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NOPEC's Three Uniques

We Give Something Back

NOPEC Preferred Pricing Program

- Wholesale electric and natural gas pricing available to member communities for their publicly owned buildings and facilities
- Prices published on web as a resource to compare existing private supply contracts or consultant offers
- Multiple year fixed prices with no early termination fee

Example of recent Preferred Saving Enrollments:

- Kent City = $47,720 annual savings
- East Cleveland = $18,000 annual savings
- Lyndhurst = $59,000 annual savings

Annual accumulated savings to-date: $635,000+

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NOPEC's Three Uniques

We Have Your Back

NOPEC works as a customer safety net protecting consumers from entering into costly deals with predatory retail suppliers



NOPEC offers:

- **Transparency** - no early termination fee, renewal rate, minimum term or automatic renewal
- **No Risk Terms and Conditions**
- **Peace of mind** - integrity, trust and safe, reliable pricing with flexibility to change rate plans

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NOPEC's Three Uniques

We Have Your Back

Consistently Competitive Pricing

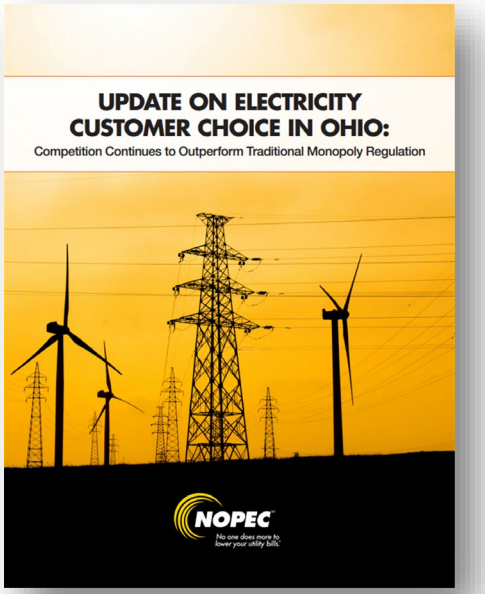
- NOPEC is your safe alternative in a volatile market

Excellent Customer Service

- 24/7 domestic customer call center staffed by by live representative
- Dedicated Full-Time Relationship Manager

Active Consumer Advocacy Presence

- Columbus and Washington DC to protect against unreasonable rate increases and threats to our deregulated market



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NextEra Partnership

NextEra Energy Services Ohio, LLC is NOPEC's electric and natural gas supplier

- NESO's parent company, NextEra Energy, Inc. is a leading clean-energy company that is best-in-class among energy suppliers

- ***NextEra is a Financially Strong Energy Industry Leader***
  - Fortune 200 company, with revenues of ~$17.5 billion and ~45,000 MW of generating capacity
  - Currently the largest integrated utility company in the world by market capitalization
  - Rated A-, A-, and Baa1 by Fitch, S&P, and Moody's

- ***Awards & Recognition***
  - Ranked #1 in the utilities industry on *Fortune's 2020* list of "World's Most Admired Companies®"

NEXTera® ENERGY

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Get Things Started

Natural Gas and Electric Aggregation Ballot

Place on the Ballot

- Pass legislation to place on ballot for a primary or general election
- File with the County Board of Elections
- NOPEC provides ballot language and public outreach support to educate voters



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Q&A/Discussion

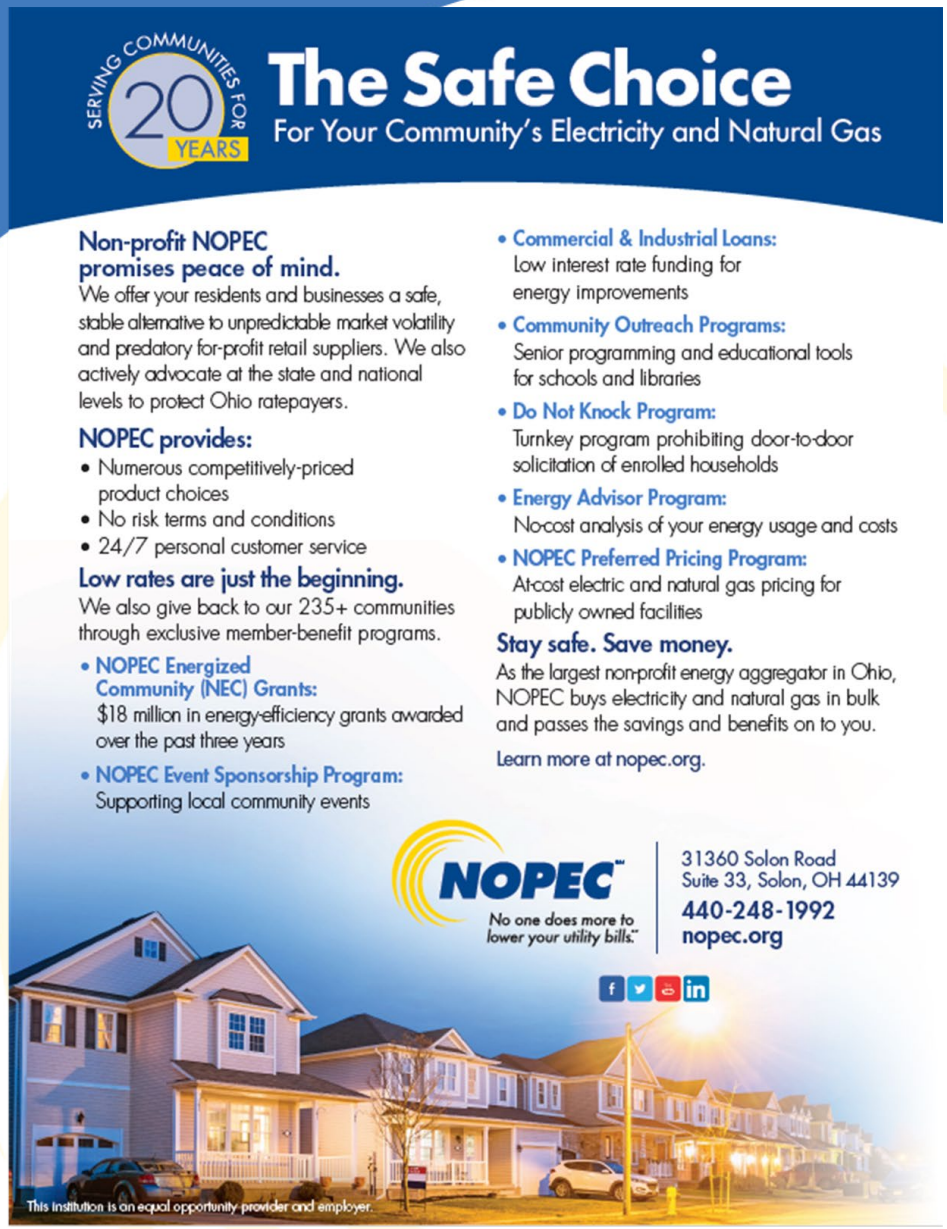
To contact Chuck Keiper:
Email: ckeiper@nopec.org
Phone: 440-249-7826

NOPEC exists to serve member communities and we stand ready, willing and able to put our individual and collective shoulders to the wheel of public service whenever and however the opportunity presents itself.

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APPENDIX

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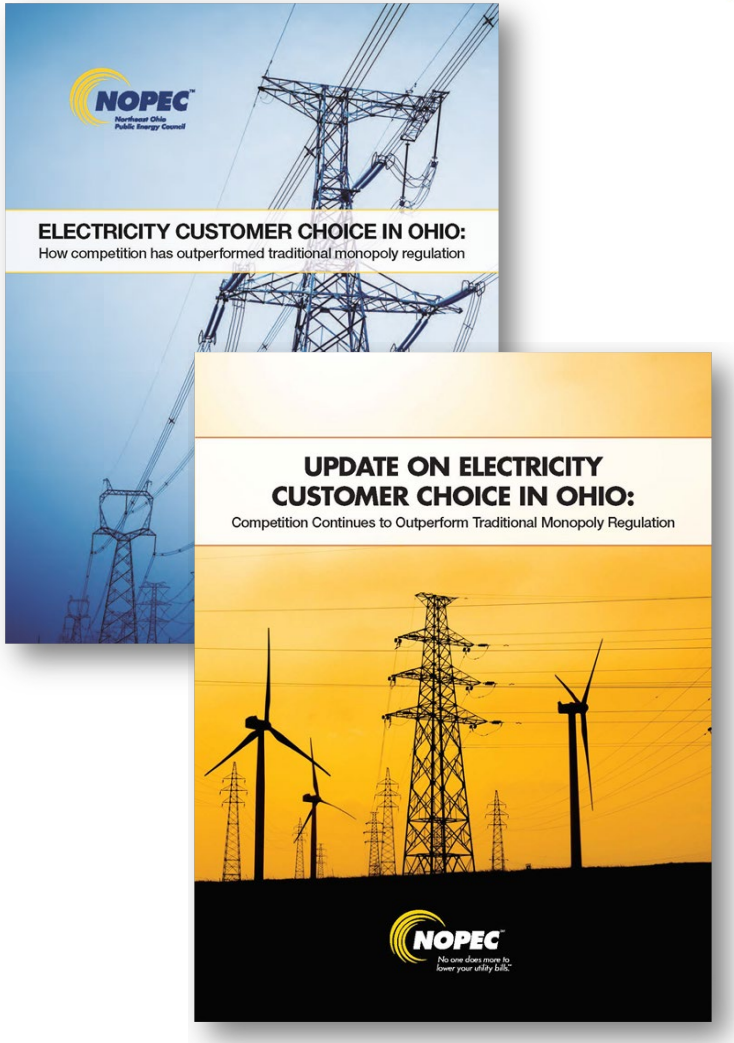


- Link to summary of current programs/member benefits: https://www.nopec.org/communities/member-benefits/
- Link to video on how to become a NOPEC community: https://www.nopec.org/communities/become-a-nopec-community/
- Link to Community Map: https://www.nopec.org/communities/community-map/
- Link to 2019 Annual Report: https://www.nopec.org/media/1914/2019-annual-report-nopec.pdf

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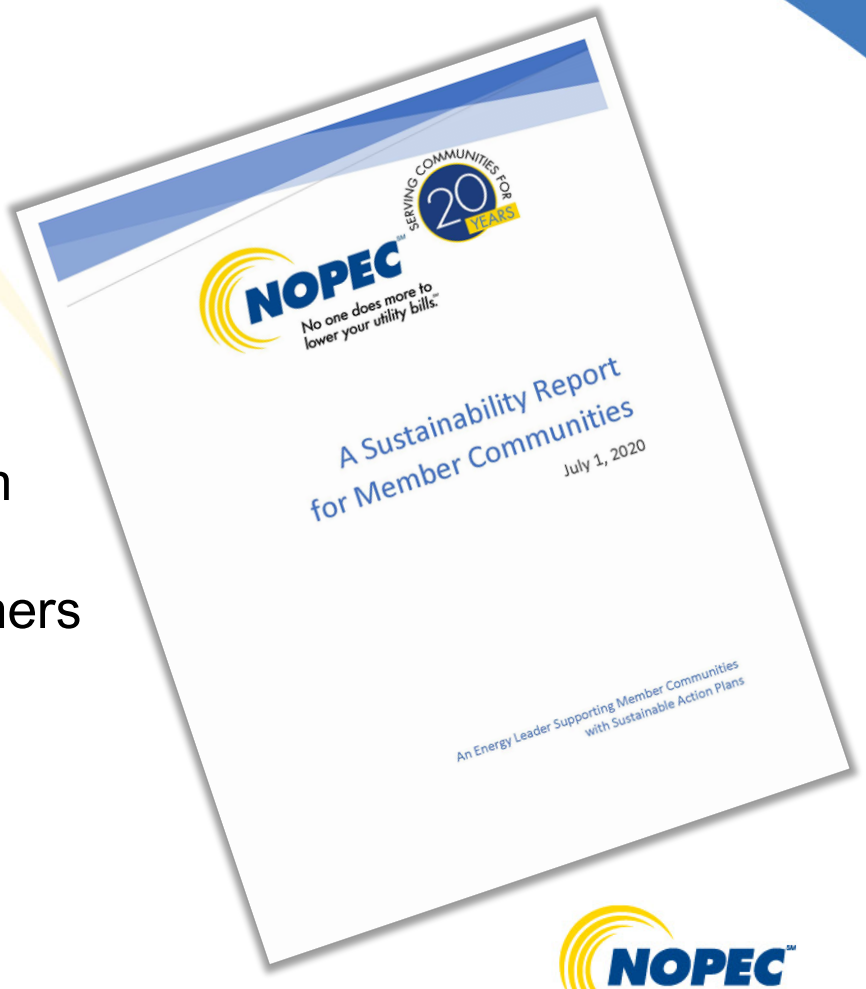
Advocating for Consumers

- Opposing Unfair Rate Increases
- Against Utilities Keeping Illegally Received Funds
- Advocating for Proof of Need for Bailouts
- Supporting the Repeal of Anti-Renewable Energy Regulations



NOPEC's Sustainable Stewardship

- Energy Efficiency Grants and Loans
- Energy Star Partner
- Participation in EarthEra Trust Program
- Renewable Energy Options for Customers
- Promoting STEM Education



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The NOPEC Foundation stands poised to continue delivering on the promise of helping NOPEC communities take the initial steps toward solving their most challenging problems.

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January 31, 2021

Dear City of Delaware Councilors, Mayor, and Management Staff:

Sustainable Delaware Ohio (SDO) would like to address the recommendation to wait with the review for the Renewable Energy Aggregation Initiative until 2022. SDO believes that *now is the right time* for this initiative for the following reasons:

1. This initiative will create more renewable energy jobs in Ohio and our tax dollars will not go out of state.
2. This initiative is easily achievable, and the City has the full support of a qualified consulting firm.
3. The City may be able to take advantage of the new federal administration's initiatives and the momentum that provides.
4. This would show that the City of Delaware is a leader in resilience, sustainability, and climate action.
5. This movement complements Delaware's Comprehensive Plan and would support the rating of our city with regional, national, and international sustainability frameworks.
6. We believe this choice needs to be in the hands of our residents and we ask you to put the Renewable Energy Aggregation Initiative on the 2021 general election ballot. We expect that Council will support this democratic process.

SDO opposes the continued burning of fossil fuels for Delaware's energy supply. The climate crisis demands prompt action from all of us, whether at the federal, state, or local level. Our children deserve that we take this action *now*.

In addition, SDO is committed to supporting the City, Council, and the energy consulting firm in educating the population about the benefit of a green energy aggregation program.

We sincerely hope that Council will hear our request and look forward to working with you to make Delaware an even more enjoyable and sustainable place to live.

Thank you so much, and we look forward to working with you,

The Sustainable Delaware Ohio Board

(Stephanie Gregory, Anna Willow, Stefanie Hauck, Ingrid Wood, David Soliday, John Krieger)