

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: Sub. S.B. 7 DATE: February 19, 1997

STATUS: In Senate Judiciary Civil Justice Subcommittee SPONSOR: Sen. Kearns

LOCAL IMPACT STATEMENT REQUIRED: No — Permissive

CONTENTS: Authorizes the conveyance of state-owned land in Greene County known as the Ohio Veterans' Children's Home to the Board of County Commissioners of Greene County.

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund			
Revenues	Loss of asset valued between \$2.21 million and \$4.9 million	- 0 -	-0-
Expenditures	Increase of approximately \$60,000 to \$75,000	Net decrease of approximately \$1,225,000	- 0 -

- Main costs to the state involve unemployment and early retirement, plus up to \$75,000 needed to prepare a legal description of the real estate.
- Property valued between \$2.21 million (value less abatement costs) and \$4.9 million transferred to Greene County. Land reverts back to state if county violates terms of lease agreement.
- State will save building maintenance expenses.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Counties			
Revenues	Gain of \$4.9 million asset	Potential indeterminate increase	Potential indeterminate increase
Expenditures	Increase up to \$2.7 million	Likely annual net increase of \$1 million or more	Likely annual net increase of \$1 million or more

- Property valued at \$4.9 million transferred to Greene County. Land reverts back to state if county violates terms of lease agreement.
- Greene County may sell part of land and use revenues for asbestos hazard abatement activity.



- Greene County is liable for all maintenance on the property, including asbestos removal estimated at up to \$2.7 million.
 - Greene County may lease part of land to persons or entities for the sole purpose of running programs providing children or family services.
-

Detailed Fiscal Analysis

Value of the Property

The Ohio Veterans' Children's Home is located on approximately 440 acres in Greene County. The property is divided into three parcels. The first parcel, on which the campus of the Home is located, is 156.84 acres. Parcel two, which is mainly agricultural, measures 117.19 acres. The final parcel, which lies south of U.S. Route 35, between Union Road and State Route 380, measures 165 acres. This parcel is also agricultural, but does have two family residences located on the land. The exact acreage of each parcel is based on courthouse records before the construction of U.S. Route 35. DAS estimates that it would cost the state between \$60,000 and \$75,000 to prepare a legal description of the real estate as is required by the bill.

The November 1996 appraised value of the three parcels is \$4.91. The appraised value of parcel one, which has the 38 buildings of the Veterans' Children's Home, is four million dollars. The second and third parcels are valued at \$350,000 and \$560,000, respectively. The state will offer the delineated property to Greene County at the appraised value less any asbestos abatement costs. This fact will lessen the value of the \$4 million parcel. DAS originally estimated that addressing the asbestos problem would cost approximately \$2.7 million. DAS has recently lowered their estimation of the cost of abatement. To date, the state and Greene County have been unable to agree upon the cost of asbestos abatement.

State Effects

The majority of the property at the Veterans' Children's Home is empty farmland. On the 150 acre campus, there are 38 buildings in a varied state of repair. Most of the buildings have problems with asbestos and lead paint. Additionally, the campus has an old hot water/steam boiler system that is running at 20% efficiency. If the state retained control of the property, estimated costs for keeping the Home viable top \$1.5 million annually. Veterans' Children's Home staff project that unemployment and early retirement costs will total approximately \$277,700. The net savings to the state will be around \$1.2 million.

A provision in the bill requires Greene County to use the property to develop and implement programs providing children and family services. If the county were to lease property to persons or entities providing these services, it must receive prior approval by the chief of the Charitable Foundations section of the Office of the Attorney General. If the county violates any terms of the agreement, the property listed in the bill would revert to the state. The requirement calling for approval by the Attorney General's office will have minimal costs to the state. If the property reverted back to the state, there would be potential gain of the asset currently valued between \$2.21 million and \$4.9 million.

The two sources of lost revenue to the state are rent payments by the Association of Ex-Pupils and the value of the property. In addition to the loss of asset value, the state will lose \$1 per year in rent payments from the Association of Ex-Pupils.

Local Effects

Although the county will gain an asset on the books of approximately \$2.21 million to \$4.9 million, there are local expenses involved. According to Greene County officials, asbestos removal in all 38 buildings would run about \$2 million. Additional costs arise from the need to encapsulate lead paint in these buildings. The county could save a portion of these costs by sealing off the asbestos in certain cases. Demolition of buildings could possibly pose additional expenses if hazardous waste is exposed. Currently, the state and county have not agreed upon an exact figure for environmental hazard removal. The bill allows the county to sell the parcel located south of U.S. Route 35. If this piece of the property is sold, all revenue must be used to pay for asbestos hazard abatement activity or for other improvements to the portion of real estate that is not sold. Revenues from the sale of this real estate can also be deposited into the Greene County Treasury to the credit of a fund, separate from the general revenue fund of the county, for the same purposes.

Following conveyance of the Home, Greene County will form a task force to create a long-term plan for the property. This plan may recommend the demolition of some of the buildings on the campus. As stipulated in the bill, these future use activities must be for programs providing children and family services. Following the approval of the Charitable Foundations section of the Office of the Attorney General, the county may lease any building or other structure located on the property to persons or entities to permit those persons or entities to run programs providing children or family services. This will increase potential revenues an indeterminate amount. It will also decrease potential program expenditures that the county will contract out to a third party.

Operational costs related to programs created and held on the property are another major area of expense for the county. Although the county couldn't financially afford to reuse the property as it is currently used within five (5) years, the master plan envisions a long period in which programs are phased-in. The county wants to put two projects currently being planned at the Veterans' Children's Home. The first project is a juvenile court justice center, which will include rehabilitation and detention wings. The other program involves the expansion of an MR/DD sponsored school.

A third immediate cost for the county is shutting down the current heating system. There will be costs involved in abandoning the current system and building a new system. Once again, exact costs cannot be determined until after the task force has resolved exactly how many buildings will be kept. Long term upkeep of the property is estimated at \$1 million or more, annually.

□ *LBO staff: Jeffrey M. Rosa, Budget/Policy Analyst*

\fn122\Sb0007s1