

**MINUTES OF RAVENNA CITY COUNCIL COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE**

**August 13, 2012**

The Meeting of the Ravenna City Community & Economic Development Committee was called to order by Chairman Frank Seman at 5:00 P.M. Present were: Bruce Ribelin, Fred Berry, Sharon Spencer, Amy Michael, and Jack Ferguson. Also attending the meeting were Mayor Joseph Bica; Service Director, Kelly Engelhart; Finance Director, Kim Cecora; Utility Billing Supervisor, Mike Reynolds and Jim Shank representing Neighborhood Development Services.

Mr. Seman noted the first item on the agenda is the Economic Development grant application for CNC Precision Machine.

Mr. Shank said CNC Precision Machine is in Shalersville right now. They've got 50 employees. They have applied to Shalersville to expand the building area and Shalersville turned them down. They went shopping for a new building and looked at 785 North Freedom, former Domino Logistics at the price of \$700,000.00. What they would propose is that the City apply for \$325,000.00 in new CDBG funding, take \$25,000.00 out of the revolving loan fund for a total loan of \$350,000.00. The loan would be at 3% for 15 years with a 15 year amortization. There are 50 jobs, new to Ravenna but they are existing jobs and 20 new jobs being created over the next three years. They are all pretty much \$10.00 to \$14.00 an hour jobs, machine shop type jobs. There is some USDA money they are going to put into the facility also. The closing date is targeted for November 1. Their timeline is hopefully to get all of the historical and environmental stuff done by the end of the month and get the application to the State by the first week of September. That will give the State about 45 days. A public hearing has been scheduled for August 21 at 2:00.

There being no further questions or comments, it was decided by those present that a tracking sheet would be submitted for Finance Committee approval.

Mr. Shank said there is a business going into the former Cherokee Glass building. As part of the deal, the glass on the outside will be completed.

Mr. Seman said the next item for discussion is REDTOP Economic Development Incentive Program.

Mr. Cecora said he would like to introduce a program that Ms. Macomber rolled out and he hopes all of them had an opportunity to look at the Ravenna Economic Development Through Occupancy Program (REDTOP). It stems from repurposing, reusing, existing buildings; existing commercial properties within the City. It's pretty creative and he thinks it opens a window of opportunity to do business at a local level; not with HUD; not with the DOD but within themselves, in terms of offering a tax incentive program to those companies that wish to be in the community, stay in the community, locate in the community and at the same time utilize existing square footage. He knows over the many years one of the greatest laments is vacant buildings. Ms. Macomber came up with this. She sent out an email and he knows it went out to everybody. He would like to go over some of the highlights of it.

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Mr. Cecora went on to say that it involves a tax incentive credit that is based on the percentage of employee withholding but is the direct offset to net profit tax. Think about Parker-Hannifin, what they did recently with the State venture. Although it was controlled and run through the State, this is almost like a local version of that. What they are dealing with though is existing properties. Keep in mind, that while it's not a grant, it not a payment. It is, however, a tax incentive but it's not a credit against withholding. They capture all of the revenue in full. They will then, through a negotiated contract, credit the net profit. One of the great things about this is that they can sit down and custom tailor this to any new company coming in. It becomes a function of accounting then; how do they wish to structure it in terms of percentage that the City is willing to give over how many years; front loaded; back loaded; how does it impact, particularly a fledgling business coming into town or a startup for someone creating new jobs.

Mr. Cecora said that there are several parameters set up to take a look at this. The first criteria would be companies that are currently located in the City but are expanding their existing facilities. There is an eligibility requirement that they would have to pass in terms of at least 20 fulltime employments; current payroll of greater than \$500,000.00 and they would have to add at least ten jobs and bring on another \$250,000.00 in payroll over a three year period. So they've got the people that are here who wish to expand and the folks that want to locate to Ravenna but want to locate to an existing facility. This does not apply to any new building. The third one is really interesting and that is if there is a company subject to involuntary relocation. If for any reason any one of the local companies are being required to relocate from an existing Ravenna property to actions beyond their control, it may be eligible to participate in the REDTOP program. It goes so far as to mention some scenarios. It could be termination of the lease by a property owner; some type of natural disaster, a fire or something or someone is in a pinch where they need a place to go and they're almost forced to relocate that they could apply the criteria to them. This one and this one alone says they're not talking about job creation. They are just talking about job retention. It makes perfect sense. They wouldn't ask them to create jobs on the heels of something like this. Those are the three categories that this program applies to and the whole idea, going back to the beginning on the conversation, is to try to incentivize people to use the existing facilities. Everybody loves a new building but as they saw earlier, it's great when something is repurposed and reused. The tax credit would be the benefit. One of the stipulations is that any tax incentive offered would be no greater than 50% of the payroll taxes. That is well, well negotiable. The duration could be anywhere from three to ten years. They are going to have to sit down and carve each one of these out individually. There is going to be an application fee. It's going to be subject to review to make sure they met the required criteria and thresholds to receive this on an ongoing basis. He thinks the biggest difference is, unlike the DOD program, this is something they would run internally. They would set the parameters. It would be negotiable.

Mr. Berry asked if those guidelines would fall into place if the company is leasing vs. purchasing an existing facility.

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Mr. Cecora responded in the affirmative. It's strictly a jobs creation initiative; or retention or if in the case something unforeseen happens where they are forced to relocate. It's one more tool, one more layer that can be applied.

Mr. Ribelin said that would make the City more competitive.

Mr. Berry concurred stating other communities have been doing this but they have run into some issues where once that term has come to fruition, have renegotiated so they could continue on; have they looked into that at all; where the company will say they are going to move unless they get to continue on with this tax incentive.

Mr. Cecora said that is something they are going to have to talk about. There is a payback provision in this; should an owner of business receiving any benefit through the REDTOP agreement, move from the City during the term of the agreement or fail to meet its obligations under the terms of the agreement, then they would have to reimburse the City in its entirety for any benefit received.

Mr. Seman asked who would be monitoring this.

Mr. Cecora said he thinks the City's Tax Incentive Review Council. They will have to come up with a compliance report and he wouldn't think it would be much different than the one they use for the Tax Incentive Review Council. They will convene on an annual basis, review these, look at retained jobs and payroll, any projected new jobs and payroll created and make sure they are within compliance. It will function much like the existing tax abatement agreements. This is only for commercial and industrial businesses. It does not apply to retail and food. It is for light manufacturing, industries, etc.

Mr. Cecora said he knows Ms. Macomber has put a lot of time into inventory, seeing what there is available in terms of vacancies in town. It gives them a marketing position when the local real estate agents try to move these properties. It's just one more tool in the toolbox. He wanted to introduce this on her behalf. It comes down to as much of an accounting function as it does anything. It comes down to crunching it and seeing; doing the qualifying. If so, how negotiable do they want to be on each specific deal.

Mr. Seman said he spoke with Ms. Macomber about it. At that point in time, how to fund it wasn't solidified.

Mr. Cecora said that it's a tax incentive credit. It is not a cash outlay. It is not coming from any coffer.

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Mr. Seman noted that it's similar to what they did for Parker Hannifin.

Mr. Cecora concurred.

Mr. Seman asked if there is any action Council has to take.

Mr. Cecora responded that he does not believe so. He will ask the legal opinion on this. There is a tax credit involved. He doesn't know if there is anything further they need to do.

There being no further business before the Committee, the meeting adjourned at 5:23 P.M.

**ATTEST:**

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Clerk of Council

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Frank Seman, Chairman  
Community & Economic Development Committee