## MINUTES OF RAVENNA CITY COUNCIL COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE April 16, 2012

The Meeting of the Ravenna City Community & Economic Development Committee came to order at 5:00 P.M. Present were: Bruce Ribelin, Sharon Spencer, Jack Ferguson, Fred Berry, Amy Michael and Fran Ricciardi. Also attending the meeting were Finance Director, Kim Cecora; Service Director, Kelly Engelhart; City Engineer, Bob Finney; Economic Development Director, Kerry Macomber; Utility Billing Supervisor, Mike Reynolds; Fire Chief, Geoffrey Cleveland; Jim Shank representing Neighborhood Development Services; Wayne Fisher and Jason Lantz representing Parker-Hannifin; Brad Ehrhart representing the Portage County Development Board and Donna Swigart of 528 East Riddle Avenue, Ravenna.

Mr. Seman said the first item is the bidding for the Fairgrounds Project. They want to get this started early and hopefully this project will be completed this year. Mr. Finney probably isn't going to get started on it until July or August, they need to get the paperwork out of the way so they can start on it.

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

Mr. Seman said Cherokee is on the agenda because it was once a thriving business here in Ravenna. It fell onto very hard times when the owner died. The city had a significant amount of money involved in that. Unfortunately, they are at the tail end of the protection in terms of who cashes out first. The bank cashed out. The place did go to auction. It was sold in the neighborhood of \$250,000.00. NDS did bid on it and tried to secure it but the bank kept going \$1.00 over what they bid and it was obvious where it was headed. They reached a point where it would not be profitable to continue. The city had the UDAG grant and the façade grant. They provided money to improve the property down there. In addition to that, there was an agreement with owner. As they will recall, the city did a lot of piping that was involved in front of the place; getting rid of the ditches and they were splitting the cost on that. They did receive one payment from the owner prior to his death. There is a loss of funds there. These grants, when they are issued, are meant to be used to stimulate business. All you can do is look at what the promise is and what you think is going to take place. With that place, it was working out well until he got sick. It was his understanding there were considerable funds in the accounts receivable that people stopped paying on when he got sick. They were not secured by the accounts receivable, only by the property.

- Mr. Seman said there was \$150,000.00 in façade loans and \$60,000.00 in the UDAG grant.
- Mr. Cecora said it was just a little under \$7,000.00 in the ditch/piping project.

Mr. Seman said that this is informational. The state has been looking at the possibility of these being just out and out right grants and not loans. They hope the state doesn't do that. Because they are able to reclaim part of the money through payments and that allows them to help other businesses. They can do more with it. They are going to keep using what they have to enrich the businesses. There is really nothing to do with this.

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Mr. Cecora asked it this committee would sponsor legislation authorizing the removal of this from the NDS books as well as not to recognize the revenue that was estimated coming in. They don't traditionally carry receivables on the books on a cash basis. NDS will need the authority to write that off as will the Finance Department will need the authority to not book the revenue that they have been booking for this.

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

Mr. Seman said the next item on the agenda is the Parker-Hannifin job tax credit.

Ms. Macomber said Mr. Wayne Fisher is the division product engineering manager for Parker-Hannifin Corporation, Parflex Division along with Jason Lantz who is the senior tax analyst for the corporate office in Cleveland. They are here to discuss a new investment in the city of Ravenna. She had the pleasure of going to Columbus on March 26<sup>th</sup> to hear the case for Parker-Hannifin to receive a tax credit from the Ohio Tax Credit Authority which was approved. They would like to also be in a position to offer a similar mirroring what the state has already provided for Parker-Hannifin.

Mr. Lantz said Parker-Hannifin is a Fortune 500 company, headquartered in Mayfield Heights, Ohio. They manufacture motion control systems and components. Anything that involves the movement of fluids or people or goods, they manufacture components for that, ranging from aircraft component parts to medical devices.

Mr. Fisher said the Parflex Division is one of about 140 divisions of Parker-Hannifin. They specialize in is thermoplastics, fluoropolymers, extrusion, hose making, tube making. They have been doing that in this facility since 1974. He's been with Parker-Hannifin in Ravenna for 28 years. They identified in their strategic planning over the last few years that they had a couple of gaps in the continued growth of this division. That was that they need more polymer science expertise. They needed to be able to be quicker in developing prototypes. They also needed to get into new markets such as medical, food and pharmaceutical. Those are areas where they have a lot more margin vs. they traditionally do there, which is hose and tubing. They put together a plan that would fill the gap of what this division needs. It comes in the form of what they call, advanced polymer processing center. It's two sections of the building. One does pure polymer science work with PhDs, collaboration with the University of Akron to the tune of about \$400,000.00 over five years and collaboration with the Cleveland Clinic where they are actually working with clinicians, with surgeons on next generation devices, be it catheters or other surgical devices. What they have done is put together a plan over five years for this division to invest approximately \$15 million in the facility in not only staffing, but technology tools, people and infrastructure to really get them to that next level of growth in the division. Mr. Fisher showed plans for the proposed project.

Mr. Fisher went on to say that this plan will generate 34 jobs in the city of Ravenna; seven of which are high technology materials science and the other 26 are production oriented who are also development type people who would help them prototype and realize products faster, which is what they found is really lacking in their ability to grow, is speed to market and innovation.

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In the plans, Mr. Fisher said the entire space which is now the auditorium will be restructured into the polymer science facility that has the latest state of the art equipment that allows for reverse engineering. It allows them to bring people from Case Western, Cleveland State and Akron University, Youngstown and Ohio State into this facility to help them solve the problems quickly. They have an area that is purely polymer science. There is another section of the facility out in the main plant which they would restructure to be a processing center where they would have a dedicated team of a dozen individuals who can make prototypes in a matter of a few hours vs. weeks where they competitors would take a long time to develop something. If you have a team of eight people with all of the different disciplines necessary, you could make things in a matter of hours. Their goal is to bring a surgeon or clinician from the Cleveland Clinic in a matter of two days, have that prototype he/she needs for a cadaver trial or development in the Cleveland Clinic Center. If they have those tools, they think they can really grow and gain where they need to be in material science and these new markets, mostly medical, food and pharmaceutical.

Mr. Seman asked if this is new space.

Mr. Fisher responded in the affirmative.

Mr. Seman asked if the way they are collecting people together to solve problems quickly is based on some other parts of their company or other prototypes they have seen.

Mr. Fisher said they have a stage gate process that helps them move through the development process quickly. What they are really missing is that link to the PhD and polymer science people at the University of Akron who can do the legwork that they need and pure research here. They would develop the materials they need to actually build the prototypes and then the tools combined with that. They would collaborate with their other divisions of what work they want to do within the polymer center. This is really a state of the art polymer processing center in the State of Ohio. Parker-Hannifin has moved to that point and this division has full competency of material science, really need to put those tools into this facility to get them to that next level. They want to be able to grow much faster to identify the gaps of true material science, speed to market and the dedicated resources to be able to do that. They put together a very strategic plan along with very strategic tools to make this work, in the clean room for instance or do more polymer paste work or multi-layer extrusion or make their own materials. They can make them in little petri dishes at the University of Akron and can be built here in Ravenna just by putting the tools together. They have the know-how. They just need to have a plan and push to execute it.

Mr. Ricciardi asked if they already have a collaborative agreement with the University of Akron.

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Mr. Fisher said they are working on three collaborative projects now. This project would form a five year agreement with the Innovation Center of the University of Akron with Dr. Ali who runs the polymer center there for specific projects dedicated to this facility including bringing their graduate level polymer scientists into this facility and allow them to use the tools the University has. They have an electron microscope there. The purpose would also be to bring those gifted individuals to fill at void at Parker with material scientists. Likewise, in the processing know-how, they have a lot of capabilities at the Olsen Center at the University of Akron. Here, they can actually deliver and elevate their knowledge in processing as well as multi-layer extrusion and surface modification. This has been two or three years in the making and now they are trying to execute it. They really see an opportunity to grow rapidly.

Mr. Seman said this has been discussed and they are very pleased that Parker-Hannifin picked Ravenna for this facility. Parker has been a big part of Ravenna economy. This is exciting for them and they really appreciate this.

Mr. Ricciardi asked how the city can help them.

Ms. Macomber said they are looking at a new program for the city. That entails a lot of what the state has already provided which is a 45% on any income tax revenue which would be applied as net profits. There are a couple of different ways the city can accommodate the new growth. When she spoke with Mr. Lantz about it, he felt this would be the cleanest and easiest. She and Mr. Cecora have also talked about this at length.

Mr. Lantz said that the Ohio Job Tax Credit incentivizes companies to create jobs. It does so by providing a credit. In the case of the State of Ohio, it's based on the increased individual income tax associated with those jobs. What would be proposed here is something similar, the difference being the net profits rather than the commercial activity of the personal income tax.

Ms. Macomber said this is a five year agreement with the state. The city would mirror that with a ten year job retention period. That is twice the amount of the state.

Mr. Seman said that they discussed this type of incentive a number of months ago when they were looking at some other situations. This would be the first opportunity to apply this and he personally thinks it is the right thing to do. There has been a lot of work behind the scenes going into this. They had options to go other places and he is glad they didn't. He's glad they are in Ravenna and if there is any way the city can help with this, they should. This is not a case where the city will be losing anything.

Ms. Macomber said they will be gaining.

Mr. Cecora said projected payroll for the first year is \$472,000.00. Projected payroll second year adds another \$540,000.00 then in year three the project tops off at roughly \$1.4 million in total payroll. That is for the 34 jobs.

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- Mr. Ribelin said he is thrilled to see Parker-Hannifin making this commitment to our community. They have been a great employer and a great neighbor for many, many years. They're glad they are going to be here.
- Ms. Macomber said they are working with Mr. Cimino and Mr. Lantz on putting together an agreement.
  - Mr. Ricciardi asked if there is any time schedule or time frame they need to work within.
- Mr. Fisher said they would like to get going as soon as they could, in May. By May  $15^{\rm th}$  would be great for them.
- Ms. Macomber said they are going to be working together on the language of the agreement and Mr. Cimino will be reviewing it.
- Mr. Ricciardi said the next regular council meeting will be May 7<sup>th</sup> and asked if all documents will be ready by that time.
  - Ms. Macomber responded in the affirmative.

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

- Mr. Seman said the next item on the agenda is the White Rubber facility.
- Ms. Macomber said that unfortunately, the first contractor did not work out well. There was a difference of opinion in the interpretation of a U. S. EPA ruling. It is the commissioners' decision to repeal that contract and go with the next qualified bidder. She would like this committee to consider following suit which would mean repealing Ordinance No. 2012-048 which is an ordinance authorizing the mayor to enter into a contract with Evans Landscaping. The Evans Landscaping attorney has notified the Portage County Prosecuting Attorney's office that they are planning to or have requested a hearing. Denise Smith is preparing a response. She doesn't believe that a hearing is necessary. So she will be working closely with that attorney to resolve it. Mr. Cimino is apprised of this.
- Mr. Berry asked if Ms. Macomber can go a little more in depth as to what brought them to this point.
- Ms. Macomber said that the bid specifications were written that all asbestos had been removed from the building. The demolition was to occur with that understanding. The certified professional still stands by that statement. However, Evans Landscaping believes that because the new U. S. EPA rule states that all friable asbestos that it's impossible to demo a building without

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creating the occurrence of asbestos being released because the U. S. EPA requires anything over 2" x 2" to be handled as asbestos. When you go and knock down or roll over tiles they are going to break down into smaller pieces. The Evans Landscaping bid was a proposal on the fact that he could put that debris into something other than a certified construction and demolition debris landfill. The bid specifications, however, stated it must go into a certified. Our certified professional believes Evans made a mistake in the bidding. It was always supposed to be going into a certified construction and demolition debris landfill. When Evans rebid it, with the realization they would have to go to a certified C & D landfill, he increased his amount by \$120,000.00. His original bid was \$124,900.00 so he basically doubled it. The estimation from the certified professional is \$159,500.00 for the demolition. The next qualified bidder, DRS Enterprises came in at \$150,044.00. They are still below the estimated price of the certified professional. The argument, she thinks, will be resolved between the certified professional and the contractor by way of the prosecuting attorney's office. She is going to represent the county and Mr. Cimino will be for the city. But the county has the lion's share of this project. They have \$107,900.00 coming from their CDBG. Their timeframe for using their CDBG monies is June 30<sup>th</sup> which is why they chose not to reject all bids and start over. The second company has this issue considered in their original bid. What they need is an ordinance repealing Ordinance No. 2012-048 and authorizing the mayor to enter into a contract with the new contractor.

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

Mr. Seman said the next item is the Portage County Development Board contract update.

Ms. Macomber said they talked about this back in January. Mr. Ehrhart came in and gave a presentation. At that time, the CED Committee authorized her to move forward with negotiations on the request for membership. The membership for municipalities in the Portage Development Board is \$5,000.00. If she were to get assistance to pay that, her membership line item now has \$593.00 in it. At that time they talked about working with Portage Development Board to accept maybe a lesser amount. She and Mr. Ehrhart have agreed that \$2,500.00 would be acceptable and then she would work off the other \$2,500.00. Basically that means, if they go on business visits together that she will be compensated from that amount, the \$2,500.00 balance. According to the grant, it would be \$167.00 per business call. He is operating on a grant from the Greater Akron Chamber.

Mr. Ehrhart said Jobs Ohio provided funding to the Greater Akron Chamber for this fiscal year. Essentially what they were given in Medina County was a pot of \$25,000.00 that they earned, as they made calls, they would be paid for each call made. They offered each of the cities, their economic development people that if they went out and made calls that they would share that with them. They would give them the whole \$167.00 per call. The goal is to make 150 calls in the county per year, for this fiscal year.

Mr. Berry asked if that isn't what Ms. Macomber does anyway in her position as Economic Development Director for the city.

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Mr. Seman said some of these calls might not be in the city.

Ms. Macomber said her calls would all be in the city. In 2010 when she began, she and Mayor Bica made a number of calls. That's when they decided to do the business to business network. Again, they're having their second business to business network in collaboration with the Portage Development Board and the other economic developers in the county and most of the chambers of commerce. It's a collaborative effort and it goes along with being a unified front. Mr. Ehrhart went with her to Parker-Hannifin and represented the county's interest at that meeting. They went to Columbus together. There were two companies from Streetsboro and one from Ravenna being heard that day. They just feel it is a stronger unified approach if they go together.

Mr. Seman said that it goes along with the regionalism concept. Looking at the broader picture, jobs become to people who live in Ravenna, even if the entity is outside of Ravenna. It's basically how development is going at this point in time. He asked where those funds would come from.

Mr. Cecora responded that it would come exclusively from the general fund. All economic development activities are paid exclusively from the general.

Mr. Ribelin said he thinks if they are committed to economic development in this community, they need to continue with this.

Mr. Seman said he is very pleased with the activity he has seen. They are visible and doing things. He read their flier for an upcoming event and it looks like a wonderful thing. They are getting the right people involved with it. It's not just going to help them grow. It's going to help those other entities grow. Ms. Macomber has certainly done her part in getting the fee cut in half.

Mr. Ribelin said he has told Ms. Macomber this before but he really appreciates her efforts for the city of Ravenna and the things she has been able to get done.

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

Mr. Seman said the next item for discussion is the EPA grant.

Ms. Macomber said at a Brownfield conference recently she met a gentleman from the Ohio EPA who informed them of a grant activity that they have available with no matching funds. It is funded initially by the U.S. EPA. It's for a targeted Brownfield assessment, (TBA). Because the Community Improvement Corporation of Ravenna currently owns the property at 303 North Chestnut Street, the former Dr. Mastromatteo building, they went ahead and applied for that. The mayor has signed it as the president of the CIC and then gave access agreement to the city of Ravenna as the mayor so that the Ohio EPA can come in and do a Phase I assessment. They know from investigations before the purchase was made is that the underground tanks were closed

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according to the process at that time and they were filled with slurry. There is probably nothing to be concerned about. However, because this money is available now, she thought they should take advantage of it. She asked them to come out, do a Phase I and consider tank removal just to make a clean sweep of it. The EPA has received the application and forwarded it on to the U. S. EPA and should hear in the next couple of weeks.

Ms. Michael asked if it has to be at that particular gas station. There is another on West Main Street that has been a concern.

Ms. Macomber said that is private property. That is the biggest hurdle. There are two other properties that have come to light that the county commissioners would like the city to consider purchasing. One is on West Main Street, the former One Stop building, Portage First Connection and the former county engineer's site on Cleveland Road. Both of those would need a Phase I before the city could take ownership, if they decided to do so. She would like permission to apply for these grant funds on behalf of the county commissioners. The county commissioners own the property. She would prepare the application for them. They would give the city an access agreement so that they can pursue the Phase I.

Mr. Seman asked if that would be something that would need legislation.

Ms. Macomber said she thinks that the agreement with the commissioners would need legislation.

Mr. Seman asked if the authorization to do that would need legislation.

Ms. Macomber said she thinks if the money is there, they should take advantage of it.

Mr. Seman said he doesn't have a problem with it.

Mr. Ricciardi said they should ask Mr. Cimino if it requires an ordinance since no one would be sure.

It was decided by those present that Ms. Macomber would investigate the issue with Mr. Cimino and if it requires legislation, a tracking sheet would be submitted for Finance Committee approval.

There being no further business before the Committee, the meeting adjourned at 5:41 P.M.

ATTEST:	
Clerk of Council	Frank Seman, Chairman Community & Economic Development Committee