

**Cuyahoga Falls City Council
Minutes of the Community Development Committee**

February 20, 2018

Members: Drew Reilly, Chair
Tim Gorbach
Adam Miller

Mr. Reilly called the meeting to order at 7:30 p.m. All members were present.

The minutes of the July 24, 2017 and November 6, 2017 Community Development Committee were approved as written.

Legislation Discussed:

Temp. Res. A-15

Discussion:

Temp. Ord. A-15

An ordinance authorizing the Mayor to enter into a Community Reinvestment Area Agreement with River Falls Property IV, LLC, and declaring an emergency.

Mr. Reilly thanked Ms. Diane Sheridan, Community Development Director, for meeting with him and going into detail about this ordinance. Ms. Sheridan stated that River Falls River Property IV, LLC is requesting a 15-year, 50-percent property tax abatement on the historic renovation of 2250 Front Street, the Jack Richard Studio and, also, the former Fox Buick Sales Company Building, for Ohio Brewing. With the abatement, Ohio Brewing will house a full-service bar and restaurant, retail sales, entertainment space and two apartments. They will brew in house and distribute kegs and bottles to the marketplace. On December 19th, it was announced that Ohio Brewing was awarded \$249,000 in State Historic Tax Credits. The estimated amount to be invested by the company is \$1.7 million. With the abatement, Ohio Brewing has pledged to strive to be open for business on June 1st of this year. They will create 37 jobs with a new annual payroll of approximately \$450,000, plus tips, and provide the Cuyahoga Falls Band Boosters an annual gift of \$750 for each active year of the abatement. They have pledged to sponsor a scholarship fundraiser and provide a \$500 scholarship to a Falls graduating senior for each active year of the abatement, and they will strive to provide jobs to Falls students and graduates.

Assuming the abatement is granted and assuming the \$1 million County evaluation, property taxes would increase from \$5,239 annually to almost \$14,000 annually, of which \$9,209 would be directed to the Cuyahoga Falls Local School District. Over the course of the abatement, the school district will see \$138,000 in taxes assuming no change in valuation. As the property sits today, only \$5,239 in property taxes are being paid and only \$3,462 of that is directed to the school district. Preserving 2250 Front Street saves the unique history of downtown and adds to the quality of life offered to residents and visitors. Ms. Sheridan requested that this legislation come out of committee with a favorable recommendation.

Community Development Committee
February 20, 2018 – Page 2

Mr. Chris Verich stated that he is one of the owners, along with his brother, Michael Verich, of Ohio Brewing Company, a microbrewery. He has been in business for about 20 years, total. They are very happy to be part of the economic development renaissance in Cuyahoga Falls, especially the development of Front Street. He is originally from the Mahoning Valley and moved to Summit County about nine years ago, because he loves the quality of life here. It's a beautiful building. They are going to make all the residents and visitors proud to have their business and to enjoy their business with an award-winning microbeer and excellent food. They will also have an excellent pub and atmosphere, patio, entertainment, arcade in the basement, as well as live music. On the second floor, they will have groups and banquets. They are here to be part of the neighborhood and be part of the renovation and development of Front Street. Mr. Michael Verich stated that he still lives in the Mahoning Valley, but he also travels to Columbus on a weekly basis. He has been in government most of his life and has seen how different governments operate. He is very impressed with how the City of Cuyahoga Falls does its development and how they bring people and business into the community. He thanked Mayor Walters for doing a great job. He is very impressed with how aggressive in promoting this city and developing this city Ms. Sheridan, Mr. Guerra, Mr. Demasi and members of Council have been. They are proud to be part of it.

Mr. Iona stated that he was delighted that the Ohio Brewing Company is coming here. He stated that they have a tremendous amount of competition in this area and asked if they have a demographic on their customer base. Mr. Chris Verich stated that the microbrewing-enjoying public would see Cuyahoga Falls as a brewery district. In looking at other areas that have a concentration of breweries, such as West 25th Street in Cleveland and the Short North area in Columbus, where there are three or four or five breweries within a few blocks, it's become a brewery district where people enjoy visiting a couple of them during the course of an evening and experiencing the quality of products that are being produced. The demographics would probably be twenties to seventies. A lot of people enjoy microbrewed beer. The demographics are good demographics. They spend more than the average pub or restaurant-goer, because they want to enjoy quality beer with a food product. They are doing this type of operation to have the public enjoy the overall experience. They would market to the microbrewing-enjoying public. For those who don't enjoy microbrewed beer or alcohol, they have other products, great food and other aspects to enjoy their facility. Mr. Michael Verich stated that what the City has done with opening Front Street, it's a huge plus to be in that location. There is superior free parking available in the back and with a parking deck. It is a great opportunity to be part of the renaissance. With the fountain located there and easy access and parking, demographically, it will welcome people, because people don't like to walk far if the weather is bad. Cuyahoga Falls is very safe city, so they don't have that worry like there is in some other places. All those advantages and being kind of the beer mecca here in Cuyahoga Falls hopefully will bring them to a very successful opportunity.

Mr. Reilly asked if they plan on continuing to be part of the Summit Brew Pack. Mr. Chris Verich stated that they were. Mr. Reilly stated that will draw in people from outside of the county, as well. Mrs. Pyke asked if the brewing actually take place in the basement. Mr. Chris Verich stated that the brewing process is composed of about 10 different steps. Most of the brewing process

Community Development Committee
February 20, 2018 – Page 3

takes place on the ground floor. The brewhouse where the greens are boiled and then transferred, through a transferring line, to the fermenters, where it turns over to beer through yeast interaction with the wort, will also take place on the ground floor. The patrons can view that around the pub area and around the bar, from which they will be able to see the brewhouse. Once the beer is fermented and it's called beer, then it's transferred down to the bright tanks, which are in the basement. From there, they can package it, either bottle or keg it off, or draw directly from lines to the taps and then the bar. Mrs. Pyke asked if this is where they really must be concerned about the foundation of the building. Mr. Chris Verich stated that that was correct. The picture they passed out to Council shows a 15-barrel brewhouse, with a brew kettle, the mash tank, which strains the wort and the hot liquor tank or hot water storage tank. Most brewhouses consist of three-vessel brewhouses. That will sit in the back of the building. Since it is an old building, they have a stabilizing mechanism built for bracing the floor. Their mechanical engineers are looking into that now right, but it will be fully braced.

Mrs. Pyke asked what the total savings of the 50-percent incentive is over 15 years. Ms. Sheridan stated the abated savings over 15 years is \$13,933.03. Mrs. Pyke stated that it doesn't sound like a lot. Mr. Chris Verich stated that the abatement was not the largest consideration in coming to Cuyahoga Falls, but it is something that they are definitely grateful to be part of. Mrs. Pyke stated that she appreciates their investing in Cuyahoga Falls and the kind words they had to say about the downtown area.

Mr. Miller moved to bring out Temp. Ord. A-15 with a favorable recommendation, second by Mr. Gorbach. Motion passed (3-0).

Temp. Ord. A-16

An ordinance authorizing the Mayor to enter into a contract or contracts, according to law, providing River Falls Property IV, LLC dba Ohio Brewing Company an economic development loan, and declaring an emergency.

Ms. Sheridan stated that the Ohio Brewing Company has requested a \$50,000 CDBG loan for purpose of the 15 BBL Bcast stainless brewhouse. The loan terms are 3 percent for 8 years and will be secured by a lien on 2250 Front Street. The first of 96 payments will be due on August 1st of this year in the amount of approximately \$587. This project is a wonderful example of a private-public partnership to bridge the gap in the historic renovation of a vacant property and their creation of a new business. The State provided the tax credits she spoke of earlier. The Federal government, via CDBG, provided a facade grant, and, if this legislation is passed, a low-interest loan. If the tax abatement legislation is passed, the City and County will provide a property tax abatement. Finally, the business partners provided significant private investment. Without each partner and each funding source, this project could not happen. They respectfully request that this legislation come out of committee with a favorable recommendation.

Mr. Reilly asked how big an increase this system will be from their current system at the old Highland Square location. Mr. Chris Verich stated that they are moving up from a 7-barrel brewhouse to a 15-barrel brew house, but, even more so, the fermentation space is almost five

Community Development Committee
February 20, 2018 – Page 4

times larger. They had two 15-barrel fermenters and two 7-barrel fermenters at the previous location. They are going to have two 15-barrel fermenters and five 30-barrel fermenters, so they are increasing from annual production of roughly 700 barrels to over 3,500 barrels, maximum capacity, if they brew nonstop every day having the fermenter filled. Their maximum capacity is 3,500 barrels, or about 7,000 half-barrel kegs. A barrel is 31 gallons. This greatly increases their opportunity to penetrate the marketplace, be in more of the local stores and make their distributors happier and educate the public about the wonderful, number-one beer they have produced all these years.

Mr. Gorbach stated that beer folks are almost not in competition. They feed off each other. If the folks are going to one place, they want to try whatever beer they're cooking that season and what they're bringing out. There seems to be a lot synergy with different brewers in the same area. Mr. Chris Verich stated that a key aspect to the Summit Brew Pact was to bring people that maybe hadn't had an opportunity to experience microbrews and give them an incentive to get their pass stamped. In Cuyahoga Falls, there will be four different breweries within a mile of each other. This gives an opportunity for patrons, who maybe haven't experienced that many microbreweries, or aficionados, who love trying these types of the beer, to compare. It's fun to compare and contrast. It's like going on a winery trip where there are several different wineries in one valley. You can compare a few and become educated as to the different nuances of the styles. It is a benefit and gives a tourist aspect to see all the breweries in a smaller area in Cuyahoga Falls. Mr. Michael Verich stated that they are right off of Route 8, so it's perfect access. Mr. Gorbach wished them the best of luck.

Mayor Walters stated that he attended a fundraiser less than a year ago and sat at the head table with Mr. Jim LaRose, the President and CEO of House of LaRose. He asked him what the future of microbreweries and craft beers was. Mr. LaRose told him that it has only just begun. The reason for that was evidently a lot of people drink beer. If they can cut into the market share of these giants nationwide, which is what's happening, it just goes on forever. They're in the right place at the right time.

Mr. Gorbach moved to bring out Temp. Ord. A-16 with a favorable recommendation, second by Mr. Miller. Motion passed (3-0).

The meeting adjourned at 7:31 p.m.