

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

February 6, 2016

Members: Adam Miller, Chair
Vic Pallotta
Paul Colavecchio

Mr. Miller called the meeting to order at 7:19 p.m. All members were present.

The minutes from the December 19, 2016 Community Development Committee meeting were approved as written.

Legislation Discussed:

Temp. Ord. B-8

Discussion:

Temp. Ord. B-8

An ordinance authorizing the Director of Community Development to enter into a Community Reinvestment Area Tax Exemption Agreement with State 8 Motorcycles dba KPG Realty and Wholecycle Incorporated, and declaring an emergency.

Ms. Diane Sheridan, Community Development Director, stated that State 8 Motorcycles is located at 100 Cuyahoga Falls Industrial Parkway and 4193 State Road. State 8 has been in the community since 1995. They specialize in motorcycles, ATVs, OHV's and outdoor accessories. As part of the Mayor's visitation initiative, she and Mayor Walters had the opportunity to visit and tour State 8 on August 3rd of 2016. At that visit, they learned that State 8 was considering either expanding in the Falls or relocating to Medina, where they already have land and a facility. To reach its anticipated growth strategy, State 8 is requesting a 75-percent, 10-year tax exemption on the increase in the assessed value resulting from the potential 18,000-square foot, \$1.1 million expansion project. The total new investment will be over \$2.5 million. State 8 currently has 39 full-time employees and 5 part-time employees with an annual payroll of \$1.92 million. If the abatement is granted, State 8 will hire five full-time and four part-time employees, resulting in an increase in annual payroll of \$310,000. On December 20th of 2016, the Woodridge Board of Education unanimously recommended the 75-percent, 10-year abatement. State 8 has also offered Woodridge an annual scholarship of \$1,000 spanning the 10-year abatement.

Ms. Sheridan stated that, while expanding to Medina would be less expensive, they have a higher traffic count and a higher median income, which generally means they have more disposable income to spend on things like recreation activities, State 8 would like to remain in the Falls and help revitalize the State Road corridor. To offset the expense of staying in the city, an abatement has been requested. Per the County's 2016 full tax distribution details, State 8's 100 Cuyahoga Falls Industrial Parkway estimated market value is just under \$1.1 million. Over \$16,000 annually is being paid to Woodridge in property taxes and just under \$4,000 is being paid to the City. Including what is already being paid, plus the new potential addition, if Council approves the abatement, approximately \$26,500 will be paid, annually, to Woodridge, plus the \$1,000 annual

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gift, and about \$6,000 will be paid to the City. This is an increase in over \$11,200 to Woodridge and just over \$2,300 to the City in property taxes. Ms. Sheridan stated that Mr. Richard Compton, the owner of State 8, was present to answer any questions that Council may have.

Mr. Richard Compton, 100 Cuyahoga Falls Industrial Parkway, Peninsula, stated that State 8 Motorcycle has enjoyed being in Cuyahoga Falls. They originally started across from the old Spitzer building. In 2002, they built the new building by the new Audi-Porsche dealership. They have had some good success as a motorcycle dealership and hope to keep that going. They have a store on Route 18, in Medina, that is also growing. It has a building available next to it that is empty and up for sale. They have been using that for a warehouse. It is inexpensive to build a warehouse at their current location in Medina, because they don't have the same type of building material and zoning restrictions that they have in Cuyahoga Falls. They would like to keep the store in Cuyahoga Falls, but, to do that, they would need to invest almost double what it would cost to do it in Medina. They think they can make the new store a more retail-oriented facility like their current building and try to keep the recreation theme growing even bigger in Cuyahoga Falls. The abatement is serious for them. Because they have been one of the leaders in their industry, it is easy to think that there is a lot of money to go around. It is not like a lot of industries in that they are making money five months out of the year, two months out of the year, they are hoping to break even and the other five months, they don't want to give it back. It is also not like a lot industries in that only one and a half to two percent of the population is involved with their product, motorcycles and ATV's. They have very narrow windows and are subject to economies. Mr. Compton stated the he hopes Council will support them with a tax deferment and he would be happy to answer any questions.

Mr. Miller stated that he wanted to thank Mr. Compton for meeting with several members of Council over the past few weeks. He also wanted to thank him for his commitment to the community and their expansion. Hopefully, they will spend another 20 years in Cuyahoga Falls. He would also like to thank him for supporting the Woodridge Schools Foundation. It is always great to see businesses give back to the community in a meaningful way. Mr. Pallotta asked if they didn't get the tax abatement, what would be the worse-case scenario and what would they do with that property that's in question. Mr. Compton stated that, to this point, they've been using all their funds to try to build the business, so they haven't looked to develop that piece of property in the past. The property was purchased in approximately 2004, so it has been in their possession about 13 years and has remained vacant. That is because the cash has been used for motorcycles and inventory. If they had to go forward with it, it would have to be something done in a rental-type situation. He is secure in the thought that he does his best work in motorcycles and doesn't really care to get into a lot of other businesses, so that would have to be a real estate transaction. Mr. Pallotta stated that his understanding was that they are planning on possibly making that an ATV store. Mr. Compton stated that their industry has grown with the off-road product. ATV's originally started as three-wheelers. It has now become an industry of side-by-sides. These are small Jeeps where people sit side by side. Some of them carry up to six people. They now have vehicles the size of automobiles and pickup trucks that they have to inventory; however, because of the nature of them being open and typically made of plastic, they cannot be stored outside like an automobile dealership does with their cars. Other than the displays out on the front yard, they

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must be stored indoors. To that effect, the space requirements are bigger than they used to be. If they break the motorcycles apart from the ATV's, they can make something that is more attractive and more of a destination for people to come from longer distances to see their business. Mr. Pallotta stated that there are not very many stores like State 8 in the vicinity, so they have a niche in this area. Mr. Compton stated that they would like to think so, but there is a lot of competition around, and, now, even more so with social media. So, it is challenging. Mr. Pallotta stated that he appreciates their being in Cuyahoga Falls.

Mr. Colavecchio asked Mr. Compton who their ATV's customers are. Mr. Compton stated that The University of Akron and Rocksino are some of their customers. A lot of roofing companies will haul with these. Construction companies will use them to get around undeveloped construction sites. That is where they've been used for years and years. The competition there could be Kubota or John Deere. That's where the side-by-sides came from. They lay pretty much dormant in that industry for a long time up until about five years ago, and then they started being used for recreation. Mr. Colavecchio asked Mr. Compton should this ordinance pass, would they be using a local company to do the construction. Mr. Compton stated that they would probably use Jim Jones Construction, on State Road, the company that built their current building and their building in Medina. Mr. Brillhart stated that he looks forward to State 8 growing their business in Cuyahoga Falls.

Mr. Pallotta moved to bring out Temp. Ord. B-8 with a favorable recommendation, second by Mr. Colavecchio. Motion passed (3-0).

The meeting adjourned at 7:35 p.m.