CUYAHOGA FALLS CITY COUNCIL

Minutes of the Community Development Committee Meeting

March 3, 2014

Call to Order The meeting was called to order by Mr. Weinhardt,

Chair, at 9:01 p.m. A quorum was present.

Approval of the Minutes Without objection, the minutes of the

November 18, 2013 and December 16, 2013

Committee meetings were approved.

Agenda Items

Temp. Ord. A-16

An ordinance authorizing the Mayor to enter into an Enterprise Zone tax incentive agreement with SGS Tool Company & Crooked River Realty and the County of Summit, and declaring an emergency.

Proponent testimony was offered by Community Development Director Diane Sheridan. Ms. Sheridan stated that SGS Tool has requested a 75%, 10-year tax abatement for a potential new facility on Marc Drive. Ms. Sheridan stated that a tax abatement analysis was provided to Council with four development scenarios. If approved, SGS Tool is planning to consolidate all manufacturing operations at the Marc Drive location. \$3.7 million in payroll is related to this abatement. If approved, 75 employees will transfer from the Bailey Road facility to the new facility on Marc Drive. If approved, construction will begin after Planning Commission approval on April 1. 2014, and will be completed by December 2014. SGS Tool will spend \$7.9 million in new construction. \$2 million in machinery, and \$100,000 in inventory, for a total investment of \$10 million.

The Chair read a letter from Superintendent of Schools Walter Davis, urging Council's support of the project notwithstanding the tax abatement.

The Chair recognized David Kunce, CFO of SGS Tool Company. Mr. Kunce stated that the company plans

to invest over \$10 million in the project, not including purchase of an adjacent 5 acre parcel which will hold a storm water retention pond. 75 employees will be moved to the new location representing \$3.75 million in payroll and \$75,000 in payroll taxes. The company purchased14 acres at 220 Marc Drive in 1999, with the goal of consolidating all manufacturing on one campus.

The Chair asked if the storm water retention pond will be able to handle the runoff from the parking lot planned for the site. Mr. Kunce stated that there is a retention pond currently on site. The purpose of the purchase of an additional 5 acres is to expand the retention pond as necessary. Existing wetlands on the portion of the site next to Cochran Road will not be disturbed.

The Chair recognized Mr. Pallotta, who asked if the company considered other sites for its project. Mr. Kunce stated that the owners of the company also own a site in Brimfield, which would be a "Plan B." The "Plan A" is to stay in Cuyahoga Falls.

The Chair recognized Mrs. Snyder, who asked what would become of the Bailey Road facility. Mr. Kunce stated it will be actively marketed.

The Chair recognized Mrs. Klinger, who asked for information on the types of jobs and the average wage of the jobs that will be moved to the new facility. Mr. Kunce stated that the jobs are manufacturing jobs that pay \$35,000 to \$40,000 before overtime, and with overtime can approach \$50,000. Mrs. Klinger asked if there was potential for jobs in addition to the 75 being moved to the new location. Mr. Kunce stated that if the economy stays strong, there is a potential for growth, but there is enough uncertainty that it is not possible to commit to new jobs in this agreement. Mrs. Klinger asked if SGS Tools has a collaborative relationship with Cuyahoga Falls Schools. Mr. Kunce stated that the company president has an

ongoing relationship with the Cuyahoga Falls schools, attempting to get students engaged in manufacturing and in the machine tool building business. Mrs. Klinger stated that manufacturing is the engine of the economy, and that this type of project is why the City's economic development tools were created.

The Chair recognized Mr. Mader, who stated that the size of the building obviously indicates plans for future growth and new employees, and that the project is a "win-win" for the community.

There was no opponent testimony. There was no public comment.

Motion by Mr. Pallotta to release Temp. Ord. A-16 with a favorable recommendation. Seconded by Mr. Colavecchio. Motion adopted by acclamation.

None.

Non-Agenda Items

Adjournment

Without objection, the Chair adjourned the meeting at

9:19 p.m.

Robert Weinhardt, Chair

Paul A. Janis, Clerk of Council

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