

Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
June 22, 2009

Members: Don Walters, Chair
Debbie Ritzinger
Carol Klinger

Mr. Walters called the meeting to order at 6:40 p.m. All members were present.

Legislation Considered

Temp. Ord. B-56

Temp. Ord. B-60

Temp. Ord. B-61

Discussion:

Temp. Ord. B-56

An ordinance authorizing the Mayor to execute the Summit County Intergovernmental Memorandum of Understanding for Job Creation and Retention and Tax Revenue Sharing, and declaring an emergency.

Mrs. Truby stated that in response to additional questions from the previous week's discussion, Connie Kraus of the County's Department of Community and Economic Development was present. Ms. Kraus gave a brief overview of the purpose of the agreement. She stated, to date, the communities who have signed the agreement are Akron, Barberton, Fairlawn, Lakemore, Macedonia, Mogadore, Munroe Falls, Reminderville, Richfield Village and Silver Lake. Stow was still discussing it and would make a decision either this week or next. In order for a community to get the extra points, the agreement needs to be signed before June 30. This matter came about because of Norandex moving from Macedonia to Hudson, which left a bad feeling between the communities. The Summit County Executive looked at how the County could facilitate discussions between communities. They looked at tax sharing agreements already in existence between communities, and the County's Law Department created this revenue sharing agreement for when a business moves from one community to another. Some businesses would not trigger revenue sharing. The role that the County plays is that of an arbitrator when communities cannot agree. There is the added incentive of five percent extra points for communities who join. Mr. Walter asked how it would apply when only part of a business moves. Ms. Kraus stated they would have to arbitrate the decision if no agreement was reached. She added that once a year, the signatory communities would review the document to see what has worked and what has not and what changes should be made. The rationale of the communities who did not sign were usually communities with a lot of land and they were concerned they would be sharing revenue when they did not have much business to begin with. They would only gain new business. Stow had objections to parts of the language. They questioned whether the County had the right to give the extra points but that has been approved through the Ohio Public Works Commission. Mr. Walters felt the extra points was a great incentive to be a part of this agreement. A gaining community has no money out of pocket and the losing community will still get tax money for a period of time. Ms. Kraus used Lakemore as an example. Edwin Shaw is a major source of its tax base. If Edwin Shaw were to leave Lakemore, this agreement would give the community a chance to stabilize its budget. Mr. Walters asked whether this agreement was unique to Summit County or did it also exist elsewhere. Ms. Krause stated that right now, it is unique to Summit County. The State is looking at this as a model and Stark County's Mayor was also interested. They have had discussions with Portage County, as well. The Lt. Governor was interested in this agreement and was hoping it could be spread state-wide. Mrs. Klinger asked whether the County took into account the regional planning and sharing plan being discussed by several mayors. Ms.

Kraus stated they happened simultaneously and are different in their scope. She was not as familiar with the regional study but stated their plan is different because it offers revenue sharing period. Mrs. Klinger asked if a company moved from Akron to Cuyahoga Falls, would Cuyahoga Falls have to pay .25% to Akron since the tax rates are 2.25% and 2%. Ms. Kraus stated it would.

Mrs. Hummel stated that Community Development is working on a JEDZ with Stow, Hudson and Cuyahoga Falls for a hospital to be built in the Seasons Road area. Summa is headquartered in Akron but comments were made the previous week that the hospital moving would be Cuyahoga Falls General. Could the move possibly be considered as Summa leaving Akron? Ms. Kraus stated it would be where the entity was located and not where the headquarters was located. Mrs. Hummel stated that Section 9 of the agreement talks about the five percent additional points on applications administered and scored by the County. COGB money is also listed in here. Would the City be impacted by this. Ms. Kraus stated it would not because the County is its own entitlement. Mrs. Colavecchio stated it appeared that the manner in which this agreement would be implemented is based on the honor system. She asked about if a company comes to the City vs. Community Development approaching the company, what would trigger a breach of this agreement. Ms. Kraus stated if there is an economic incentive, regardless of who initiates it, it is not that the agreement is breached, it is that tax sharing would kick in. In other words, the only thing necessary is if a business is of a certain size or if an incentive is offered, regardless of who initiates the discussion, this agreement kicks in. If Cuyahoga Falls goes to another community to entice a business, there is a penalty which is a five percent reduction in points. Mrs. Colavecchio asked how it was policed. Ms. Kraus stated there is an arbitrator and, probably, the other community will tattle. Mrs. Colavecchio stated it still sounded as if it was on the honor system. There is no criteria to support what the poached city would be saying. Ms. Kraus stated the County is hoping that communities would be honest. Mrs. Colavecchio stated she is in favor of this legislation. She attended last week's Tax Incentive Review meeting where they review annual agreements on tax incentives. There are two companies in the City who meet the criteria in this agreement. GoJo has \$9.8 million and AmeriChem has \$12.9 million. There are also smaller companies who are approaching a point where they are not far from the \$3.5 million. In total, that would be a big impact to the City.

Mrs. Pyke asked about the process of clarifying the vague language in the agreement. Ms. Kraus stated that the signatories would get together and a majority would have to agree with the changes. Mr. Arrington stated that if communities wanted to change the agreement, it would have to be approved by everyone who wants to be a party to the agreement. He added that Stow could always rescind its 180 day termination notice if the agreement is clarified to its satisfaction. Mrs. Klinger asked whether economic incentives from a community was forever. Ms. Kraus stated this agreement does not pre-date. It is only from this point moving forward. Communities would not have to share income tax on previous moves. Mr. Walters asked if the Department of Environmental Services were to move, would that qualify as an employer. Ms. Kraus felt it did but stated she would need clarification on that. Mr. Mader asked if five communities came up with a new agreement and the City did not agree, would those changes just apply to those five communities. Mr. Arrington stated if that happened, the agreement would be terminated. Those five communities would no longer be a party to the original agreement. You could have tax sharing agreements between communities that does not involve anyone else. What he foresees is that there needs to be language clarification. He would think the County's Law Dept. would get together with the communities and hash it out. The concerns the City has are probably the same ones that other communities have. He feels the fundamental idea is good. He added that if the City signs and no new agreement comes out of the August discussion, there is no out. But he feels the agreement must be clarified and, any changes that get made to the agreement, will come back to Council for approval. He said that Stow is signing now to get the bonus points but it is saying it does not like the language so it is giving the authority to get out. Mr. Arrington committed to Council that he will actively pursue language changes to address Council's concerns. Ms. Kraus stated they made the language vague intentionally because they would hope that communities would work together. Mrs. Klinger asked is there was a communication mechanism which Mr. Arrington could

provide Council with updates on how things proceed. Mr. Arrington stated he would send a broadcast e-mail as developments take place. Mrs. Klinger asked if nothing happens in August, could Council invoke the 180 day notice. Mr. Arrington felt that the City's form of governance is different than Stow in that the City can send out the notice without a vote of Council. Mrs. Klinger stated she would like to know that. Mr. Arrington indicated he would communicate with Council letting them know that "X" is a problem and "Y" will be his approach unless he hears from ten people who ask him not to do that.

Committee recommended bringing out Temp. Ord. B-56.

Temp. Ord. B-60

An ordinance authorizing the Mayor to enter into an agreement with the Ohio Patrolmen's Benevolent Association (representing Police Patrolmen and CSOs) effective from July 1, 2008 through December 31, 2010, and declaring an emergency.

Mr. Arrington stated this is the sixth and final bargaining agreement, and he can now discuss the issues without dissolving into executive session. This was for Blue. It was a long and spirited negotiation and went to fact finding. Administration was pleased with the report. After fact finding, there was discussion and both sides came to an agreement that was slightly different from the fact finding report. Basically, the 2-1/2 year agreement has the same raises. The one difference is that this one gets step raises at 8 years and 13 years, but it took longer than other cities so they moved it to 7 years and 12 years. Mrs. Colavecchio asked how many members were in this union. Mr. Arrington believed it was between 60 to 70 but wasn't sure.

Committee recommended bringing out Temp. Ord. B-60.

Temp. Ord. B-61

An ordinance authorizing payment of the moral claim of Eric and Angela Davis as approved by the Claims Commission, and declaring an emergency.

Mr. Arrington stated that the Claims Commission met last week to discuss this claim. Eric and Angela Davis own a rental property. In the winter, the tenant moved out and advised Utility Billing to shut off the electricity. Mr. and Mrs. Davis had a card that was registered under the wrong duplex address so the City shut off the electricity when they should not have and the pipes burst. The claim was for \$2,300 but they are asking for reimbursement of their insurance deductible, which is \$1,000. Mrs. Hummel asked if this was coming out of the Utility Billing fund because of the glitch in paperwork. Mr. Arrington confirmed it was.

Committee recommended bringing out Temp. Ord. B-61.

Meeting adjourned at 7:25 p.m.