

Cuyahoga Falls City Council
Community Development Committee Meeting
January 6, 2003

Members: Mr. Bauer, Chair
Mr. James
Mr. Potts

Mr. Bauer called the meeting to order at 6:34 p.m. All members of Committee were present.

Legislation Considered

Temp. Ord. No. A-192
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Mr. Bauer read A-192 (second reading). Mrs. Truby stated that Council approved an agreement in March, 2000 with Rise-n-Shine for a \$1.6 million building project. At that time, they granted a four-year abatement of 75% on real property only. It was the first building in the industrial park. What this legislation is doing is transferring and assigning the name in the agreement from Rise-n-Shine to Decker Fasteners Ltd.

Mrs. Hummel asked for the paperwork in terms of the transfer. Mrs. Truby stated it should have been in the Council packets. Mr. Arrington stated he will make sure the paperwork gets to Council. Mrs. Hummel stated that the agreement committed Rise-n-Shine to creating 15 jobs by March, 2002 and asked how many the company actually created. Mrs. Truby answered zero. She stated this was a spec building and the reason it was built was to attract a new company to the foreign trade zone. Many times, when a company wants to move, it wants to move right away and not have to wait for construction of a building. During the first two years there were interim tenants in the building. They have since purchased land and constructed their own building in the industrial park. The Tax Incentive Review Board meets regularly to review these types of agreements and when they met, they recommended terminating the agreement. Since the City now has a company coming in to assume the agreement and will be creating 17 jobs, they have decided not to terminate the agreement. Mrs. Hummel asked for a copy of the June 2002 committee recommendation. She stated she had a copy of the 2001 recommendation and the company had not met the requirement at that point. She asked if it was up to the City if the company does not meet its original agreement to either terminate it or let it languish. Mrs. Truby stated the committee is made up of City representatives, County Council representatives, the school superintendent and real estate County people. They discuss if a

company has lived up to its agreement. The City has 11 active agreements and all were passed with the exception of this one. Chuck Wiede of the County concurs with the decision not to terminate and to open it up to Decker.

Mrs. Hummel asked if the company made payment of what was due under the contract to the school district. Mrs. Truby stated they did not but that Decker Fasteners will. Lou Young, the broker who represented the owner of the building in the sale to Decker, stated he did not believe they made a payment to the school. They paid full taxes on the property and never realized any abatement on the building. All taxes were paid on the building in full as if there were no abatement.

Mrs. Hummel stated that Council normally has the agreement that goes to the County so she was requesting that the legislation be held so that Council can get the agreement and have time to review it. Mrs. Truby stated that they are planning on having the approval process run concurrently with the County's schedule and asked if she got the agreement to Council members the next morning, would that give them enough time to review before the Council meeting. Mrs. Hummel stated that would be fine as long as they received the documents at that time and as long as Mrs. Carr would be available to answer any questions they may have after reviewing the documents.

Committee recommended bringing out A-192.

Temp. Ord. No. A-193

Mr. Bauer read A-193 (second reading). Jennifer Syx stated that Decker Fasteners Ltd. is currently located in Twinsburg. This legislation would allow Decker to receive a nominal tax incentive on this property. They will receive a 75% tax abatement on real property, which is for the renovation of the office space at \$115,000, and a 50% abatement on personal property for three years at \$317,000. Currently, they have seven employees and will hire an additional ten within the next three years. It is a \$2.15 million total investment in the City.

John Hagy, President of Decker Fasteners, stated his company was established in 2000 and is a subsidiary of Decker Manufacturing located in Michigan, which was established in 1927. They currently have seven employees on the payroll and are expecting a 100% growth for the second year in a row. They are looking at this purchase to expand their processing capability and considered this location to be the best from both an economic and business factor. Cuyahoga Falls is a business friendly environment and they are looking forward to becoming a part of the City.

Mr. Bauer asked how Mr. Hagy planned to more than double his growth within the next three years. Mr. Hagy stated it was through growth and taking over the market share. The company is still in the early growth period. They currently

utilize 21 independent sales reps throughout the country but the majority are located in Indiana, Ohio, Michigan and parts of Canada.

Mrs. Hummel asked if the 75% real property and 50% personal property were for eight years, what would be the dollar value of the incentive on this legislation. Mrs. Syx stated it would be \$29,183 over the life of the agreement. Mrs. Hummel asked what was the value remaining on the other legislation for Rise-n-Shine. Mrs. Syx answered it was \$48,000 for two years.

Mr. Gorbach asked Mr. Hagy about the square footage of his current building. He indicated it was 8,500 sq. ft. Mr. Gorbach stated this current building has 20,000 sq. ft. warehouse on each side and some office space and asked Mr. Hagy if he was planning to use both sides. Mr. Hagy stated they will be using one side. Mr. Gorbach asked Mrs. Truby how that would affect the abatement. Mrs. Truby stated that if they sublease the other side for a short time, it would not affect the abatement. Mr. Hagy stated their goal is to move as soon as possible after the County approves the agreement on the 27th. They will do some renovations concurrently while they are moving in. Most will be in the office. He stated that \$317,000 is new equipment over the life of three years. The value of the equipment he is bringing from Twinsburg is approximately \$200,000.

Mrs. Hummel asked about the anticipated payroll. Mr. Hagy stated that year one is \$475,000; year 2 is \$600,000 and year 3 is \$750,000. The seven employees coming from Twinsburg are not included in the new payroll amount which he believes is \$240,000. Mrs. Hummel asked how many of the ten new employees will be manufacturing and how many will be warehouse. Mr. Hagy stated they will be overlapping. Most employees will be doing both. He does not have a breakdown between office and warehouse but most would be warehouse.

Mrs. Truby reiterated she will have the agreements hand-delivered and will take calls from any Council member who may have questions.

Committee recommended bringing out A-193.

Meeting adjourned at 7:00 p.m.