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CITY OF CUYAHOGA FALLS, OHIO

ORDINANCE NO. 10 -2017

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.

WHEREAS, pursuant to Ordinance No. 69-2006, passed June 26, 2006, this Council established and designated the boundaries of the Cuyahoga Falls Northern Community Reinvestment Area ("CRA") pursuant to Ohio Revised Code §3735.65 et seq., to encourage the development of real property within the CRA; and

WHEREAS, the State of Ohio Director of Development has made a determination that the findings contained in Ord. No. 69- 2006 are valid, and that the classification of structures and/or remodeling eligible for exemption under the Ordinance is consistent with zoning restrictions applicable to the CRA, and

WHEREAS, with receipt of the Director's positive determination, the City is enabled to abate certain taxes on real property located in the CRA, in order to provide an incentive for the creation and retention of jobs and investment within the CRA; and

WHEREAS, this Council has determined to provide economic development assistance in the form of tax abatement to State 8 Motorcycles dba KPG Realty and Wholecycle Incorporated, in connection with the construction of a new 18,000 square foot powersports facility on parcel number 35-05933, 95 Cuyahoga Falls Industrial Parkway, hereinafter the "Project".

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Cuyahoga Falls, County of Summit, and State of Ohio, that:

Section 1. The Director of Community Development is hereby authorized to enter into a Community Reinvestment Area tax exemption agreement in accordance with Ohio Revised Code §§3735.67 and 3735.671, with State 8 Motorcycles dba KPG Realty and Wholecycle Incorporated, consistent with Ordinance No. 69-2006 and the terms set forth in the application for tax exemption attached hereto as Exhibit A, to provide the Project with an exemption from real property tax at (or not exceeding) the percentage and for (or not exceeding) the duration stipulated in said application.

Section 2. This Council further authorizes the Mayor, Director of Finance, Director of Community Development, Director of Law and any other city officials,

49 individually and/or collectively as may be appropriate, to prepare and execute such
50 other documents and do other things as are necessary or incidental to carrying out
51 the requirements of this legislation consistent with the terms of the attached
52 application.

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54 Section 3. Any ordinances or resolutions or portions of ordinances and
55 resolutions inconsistent herewith are hereby repealed, but any ordinances and
56 resolutions not inconsistent herewith and which have not previously been repealed
57 are hereby ratified and confirmed.

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59 Section 4. It is found and determined that all formal actions of this Council
60 concerning and relating to the adoption of this ordinance were adopted in an open
61 meeting of this Council, and that all deliberations of this Council and of any of its
62 committees that resulted in such formal action, were in meetings open to the public,
63 in compliance with all legal requirements including Chapter 107 of the Codified
64 Ordinances.

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66 Section 5. This ordinance is hereby declared to be an emergency measure
67 necessary for the preservation of the public peace, health, safety, convenience and
68 welfare of the City of Cuyahoga Falls and the inhabitants thereof, and provided it
69 receives the affirmative vote of two thirds of the members elected or appointed to
70 Council, it shall take effect and be in force immediately upon its passage and
71 approval by the Mayor; otherwise it shall take effect and be in force at the earliest
72 period allowed by law.

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Passed: 2-13-17

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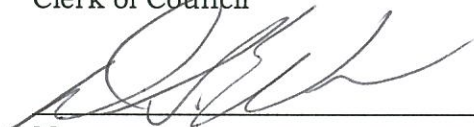
Approved: 2-15-2017



President of Council



Clerk of Council



Mayor

1/23/17

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B-

PROPOSED AGREEMENT for Community Reinvestment Area Tax Incentives between the City of Cuyahoga Falls located in the County of Summit and:

State 8 Motorcycles dba KPG Realty and Wholecycle Inc.

(Company Name)

1. a. Name of property owner, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

State 8 et al

Richard Compton

Enterprise Name

Contact Person

100 Cuyahoga Falls Ind. Pkwy Peninsula, OH 44264-330-929-8123

Address

Telephone Number

kirkc@state8.com

Contact Email

Project site:

95 Cuyahoga Falls Ind. Pkwy. Peninsula OH 44264

35-05933

Address

Parcel Number

Richard Compton

330-929-8123

Contact Person

Telephone Number

kirkc@state8.com

Contact Email

2. a. Nature of commercial/industrial activity (manufacturing, warehousing, wholesale or retail stores, or other) to be conducted at the site. Please be specific with details.

Retail Sales of Powersports Products, specifically Motorcycles, All Terrain Vehicles (ATVs), Off Highway Vehicles (OHVs) and outdoor accessories.

While most people are familiar with motorcycles, many do not realize that ATVs, commonly called "four wheelers" or "quads", are just as big a market in Ohio as the street bikes. They are used for Recreation, by the Farm Community and the Service and Maintenance Industries. Additionally, OHVs, commonly called "side by sides", have grown at the fastest rate of all segments of the Powersports Industry. These products will be showcased in the new facility.

Our Wholesale Department will also play a vital role in the new site. Not unlike many businesses today, our online sales, export sales and digital marketing have created new positions that will operate from the new site, and revenue streams that will contribute to the new location also.

Currently we have **39 full time and 5 part time employees** in Cuyahoga Falls, conducting various retail and wholesale activities, service, and marketing.

- b. List primary 6 digit North American Industry Classification System (NAICS) #

Business may list other relevant SIC numbers.

441228

- c. If a consolidation, what are the components of the consolidation? (must itemize the location, assets, and employment positions to be transferred):

A new 18,000 SF facility will be built at 95 Cuyahoga Falls Ind. Pkwy. Peninsula, OH to replace the 40 year old 25,000 SF facility at 4193 State Rd. Cuyahoga Falls, OH. The following will be relocated should the abatement be granted:

We have one (1) reconditioning technician and one (1) truck driver at both the 100 Cuy. Falls location and the 1609 Medina Rd. location. These four (4) jobs will be consolidated into two (2) jobs at the new location. The Warehouse Manager and one(1) laborer at the 4193 State Rd. facility will transfer to the new location. The Wholesale Manager at 100 Cuy. Falls will transfer to the new location. The annual payroll from these employees is \$330,000.00.

Assets and Equipment will be transferred from all locations.

From 1609 Medina Rd: \$50,000.00 of equipment and \$60,000.00 of product

From 4193 State Rd: \$160,000.00 of equipment and \$1,200,000.00 of product

From 100 Cuy Falls: \$30,000.00 and \$100,000.00 of product

d. Form of business of enterprise:

Partnership

3. Name of principal owner(s) or officers of the business.

Richard Compton, Paul Compton, Gar Compton

4. a. State the enterprise's current employment level at the proposed project site:

Full Time: 0 Part Time: 0
(To be considered full time the individual must work at least 35 hours per week.)

b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Yes No

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

1609 Medina Rd. will consolidate two (2) positions to the new facility
4193 State Rd. will transfer two (2) positions to the new facility
100 Cuy. Falls will transfer three (3) positions to the new facility.

Assets and Equipment will be transferred from all locations.

From 1609 Medina Rd. \$50,000.00 of equipment and \$60,000.00 of product
From 4193 State Rd. \$160,000.00 of equipment and \$1,200,000.00 of product
From 100 Cuy Falls \$30,000.00 and \$100,000.00 of product

d. State the enterprise's current employment level in **Ohio** (itemized for full and part-time and permanent and temporary employees):

	Permanent	Temporary
Full Time	52	
Part Time	6	

(To be considered full time the individual must work at least 35 hours per week.)

e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets:

1609 Medina Rd has 13 full time and 1 part time employees.
100 Cuy Falls Ind Pkwy has 37 full time and 5 part time employees
4193 State Rd. has 2 full time employees

f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated?

The impact will be:

- \$5,000,000.00 in annual retail sales.
- \$1,000,000.00 in annual wholesale and export sales.
- \$1,360,000.00 of inventory.
- \$330,000.00 annual payroll with 9 employment positions.

The new facility will allow additional inventory to be carried and provide the ability to add new franchises. New market segments can be added with increased space. State 8 Motorcycles will be more efficient in operation, new and used vehicle sales will increase.

5. Does the Property Owner Currently Owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?

Yes No

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes No

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?

Yes No

d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers.

N/A

6. Project Description. Be as detailed as possible:

State 8 Motorcycles will convert a long dormant lot into a retail Powersports facility. The investment will further establish the northern State Road Corridor as a motor vehicle sales destination. The "Outdoor and Recreation" theme will not only benefit the City in commercial growth, but also forward Cuyahoga Falls' image as a recreational hub. \$1,500,000.00 of product will be put into the new facility and provide the ability to add new franchises. New market segments can be added with increased space. State 8 Motorcycles will be more efficient in operation, new and used vehicle sales will increase. State 8 Motorcycles will be better positioned

to market the product with its' corresponding accessories and apparel.

7. Project will begin on February 2017 and be completed by August 2017 provided a tax exemption is provided.

8. a. Estimate the number of new employees the property owner will cause to be created at the facility that is the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary):

	Permanent	Temporary
Full Time	5	
Part Time	2	2

(To be considered full time the individual must work at least 35 hours per week.)

b. State the time frame of this projected 7 months hiring:

c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees):

All employees to be hired within **6 months** of completion.

9. a. Estimate the amount of annual payroll such new employees will add (New annual payroll must be itemized by full and part-time and permanent and temporary new employees).

	Permanent		Temporary	
Full-time	\$	280,000	\$	
Part-time	\$	18,000	\$	12,000
TOTAL:	\$	298,000	\$	12,000

(To be considered full time the individual must work at least 35 hours per week.)

b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ \$1,920,000.00

10. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

A. Acquisition of Land/Buildings	\$	<u>315,000.00</u>
B. Additions/New Construction	\$	<u>1,111,000.00</u>
C. Improvements to Existing Buildings	\$	<u>n/a</u>
D. Machinery & Equipment	\$	<u>50,000.00</u>
E. Furniture & Fixtures	\$	<u>100,000.00</u>
F. Inventory	\$	<u>1,000,000.00</u>
Total New Project Investment	\$	<u>2,576,000.00</u>

11.

a. Business requests the following tax exemption incentives: 75 %
for 10 years covering the real property improvements as described above.

b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)

By replacing our Cuyahoga Falls warehouse we can take a non-income producing storage facility and make it an income producing retail/warehouse. Our least expensive option for this is at our Medina Facility. Building codes are more relaxed and existing property can be utilized. Actual project cost increase to build a new stand-alone retail space in Cuyahoga Falls is \$753,280.00 higher than using the existing Medina location.

Our Medina location on SR 18 has a higher traffic count as well, 20,480 vehicles average per day vs. 7,930 vehicles at the Cuyahoga Falls location (Sperling Report 2015), which will directly affect sales and the advertising budget.

Medina also has a higher median income of \$55,442/yr. vs. Cuyahoga Falls 49,682 (2013). Median income is directly proportional to recreational spending, a key factor in the Powersports Industry.

The increased cost of building in Cuyahoga Falls can be partially offset with the Community Reinvestment Area Tax Incentive, and will bring our investment to this municipality.

Submission of this application expressly authorizes the City of Cuyahoga Falls to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item # 5 and to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the local jurisdiction considering the request.

The Applicant agrees to supply additional information upon request. The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C)(1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

Name of Property Owner

Title

Signature

Date