

ORDINANCE NO. 194-14

**AN ORDINANCE AMENDING ORDINANCE NO. 154-07,
PASSED SEPTEMBER 24, 2007, RELATIVE TO THE
ADOPTION OF THE JOB CREATION GRANT PROGRAM
NEW GUIDELINES AND APPLICATION.**

WHEREAS: Ordinance No. 154-07, passed September 24, 2007, authorized the adoption of the Job Creation Grant Program, allowing for the use of governmental resources for the promotion of economic development in the community as per Article VIII, Section 13 of the Ohio Constitution; and

WHEREAS: That the Economic Development Committee has met and recommended to make revisions/changes to the program guidelines and application to ensure that the program reflects an incentive based on today's economy.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY
OF MEDINA, OHIO:**

SEC. 1: That Ordinance No. 154-07, passed September 24, 2007, is hereby amended by accepting the new program guidelines and application described in Exhibit A, attached hereto and made a part hereof.

SEC. 2: That the new guidelines and application will be effective beginning December 24, 2014.

SEC. 3: That a copy of the old guidelines and application are marked Exhibit B, attached hereto and made a part hereof.

SEC. 4: That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law.

SEC. 5: That this Ordinance shall be in full force and effect at the earliest period allowed by law.

PASSED: November 24, 2014

SIGNED: John M. Coyne, III
President of Council

ATTEST: Kathy Patton
Clerk of Council

APPROVED: November 25, 2014

SIGNED: Dennis Hanwell
Mayor



JOB & PAYROLL CREATION GRANT PROGRAM

PROGRAM DESCRIPTION

The City of Medina established the Job Creation Grant Program to offer incentives to eligible businesses to establish or expand in the City of Medina and to create and retain jobs. The City may offer an eligible company an annual grant payment based on a percentage of the annual payroll withholding taxes generated from new employees to the City of Medina. A company must be considering a location and a capital investment.

The grant would only apply to the jobs and payroll created after the effective date of the grant agreement. Upon application, the city may issue a notice to proceed that is subject to all approvals.

ELIGIBILITY

The program is available to businesses considering a location or expansion in the City of Medina.

Retail businesses and non-profits are not eligible.

A company not yet located in Medina must create within a 3 year period a minimum of 10 new full time or full time equivalent jobs within the City of Medina and a minimum payroll of \$330,000 new to the City of Medina.

A company already located in Medina and expanding at its current facility or expanding at a new facility in Medina must create within a 3 year period an additional 10 new full time or full time equivalent jobs and \$330,000 in new payroll, while maintaining its current employment workforce and payroll.

Upon approval of Council, the minimum job creation and new payroll requirements may be adjusted in keeping with economic conditions by an amendment to this Job Creation Grant Program.

Grant payments start after the company meets its designated target. The company has a three year window to meet that target. (EX: If a company only needs two years to meet its job creation and payroll projections associated with "the project", then grant payments would start in year three)



APPLICATION PROCEDURES

Application forms are available from the Economic Development Director.

Upon submittal of a completed application to the Economic Development Director, the applicant will be contacted to meet with the Business Development Committee.

A quorum is required for an application meeting.

Approval of an application is made by a simple majority.

The approval of the application means that the applicant has met the preliminary terms of the grant and that an offer will be made to the applicant.

Offers will be made in writing to the applicant. The offer will be in the form of a percentage of the annual payroll withholding taxes generated from new employees to the City of Medina and the length of the grant in years (see "Grant Offer Guidelines" paragraph). Upon the company's written acceptance of the offer, a legal agreement and accompanying legislation will be prepared for City Council's approval.

An application fee of \$500, in the form of a check payable to the City of Medina, shall be submitted prior to City Council's approval of the agreement. The fee is refundable if voted down or rescinded by either party.

BUSINESS DEVELOPMENT COMMITTEE

The Business Development Committee is responsible for reviewing each application, for assuring that the application meets the guidelines as set forth in the Job Creation Grant Program, setting the annual percentage of the grant (see section titled "Grant Payments") and for annually reviewing each approved grant for adherence to their agreement.

The Committee shall consist of the Mayor, the Economic Development Director, one (1) member representative from industry, one member (1) representative from finance, and one (1) member of Council appointed by the President of Council. The term of the members shall be four years.



GRANT OFFER GUIDELINES

The maximum grant will be for 9 years and will be based on new payroll projections according to the following schedule:

<u>Payroll projected by end of Year 3</u>	<u>Length of grant</u>
\$330,000+ to 1 million	3 years
\$1 million+ to 2 million	4 years
\$2 million+ to 3 million	5 years
\$3 million+ to 5 million	6 years
\$5 million+ to 7 million	7 years
\$7 million + to 10 million	8 years
\$10 million+	9 years

The annual percentage of the grant, up to 40%, will be determined on a case-by-case basis by the Business Development Committee. Grant payments will be based on taxable wages of new jobs created that are eligible for city payroll associated with the project.

GRANT PAYMENTS

Payment to the company will be made by June 30th of each year, based on the previous year's performance, provided that the company files its "Annual Reconciliation of City Income Tax Withheld - Form S-W3" by February 28th. If the company requests an extension to file the "Annual Reconciliation of City Income Tax Withheld - Form S-W3", the City will make payment within 3 months after the extended filing date. The tax form may be downloaded from the Central Collection Agency site, www.ccatax.ci.cleveland.oh.us.

If a company is not able to meet Year 1 projections due to a project start in the third or fourth quarter of the year, the first grant payment may occur in the year following the first full year of the project.

The amount of the grant will be calculated annually based on the company's performance in meeting its payroll and employment projections for the previous year. The grant will be awarded according to the schedule below:

<u>% of Payroll Projections Met</u>	<u>% of Grant Awarded</u>
90-100%	full grant (40%)
85-89%	reduce grant by 5% (Ex.: 40% grant reduced to 35%)
80-84%	reduce grant by 10% (Ex.: 40% grant reduced to 30%)
75-79%	reduce grant by 15%
Less than 75%	no grant for that year

For companies currently operating in Medina, total new payroll shall be used to determine the number of years of the grant.



The amount of the grant will be based on payroll taxes, according to the above schedule, and employment. The company must achieve at least 75% of the job creation projection for the previous year. If payroll is within the acceptable range, but employment is less than 75% of projection, no grant shall be awarded for that year.

If the company exceeds its payroll projections, the amount of new payroll used as the basis for determining the annual grant payment in any given year shall not exceed 25% above the maximum projection for the entire project.

For purposes of calculating the amount of the grant each year, exercised stock options will not be included in annual payroll.

TERMINATION OF AGREEMENT

The date by which Year 1 projections must be met will be specified in the agreement. If a project start or occupancy of a project facility is delayed, the company may send a written request to the Economic Development Director for a one year extension. The extension may be approved by the Economic Development Director with notice to the Business Development Committee. If the project does not proceed as specified in the agreement or within the one year extension period, Council may rescind the agreement upon recommendation of the Business Development Committee.

If a company fails to meet 75% of its payroll or employment projections in three consecutive years at any time during the term of the agreement, City Council may rescind the agreement following an annual report by the Economic Development Director on the status of all agreements.

If a project or occupancy of a project facility begins in the 3rd or 4th quarter of the year and the company is not able to meet its Year 1 projections by December 31st of that year, Year 1 shall be considered the first full year of occupancy.

PAYBACK PROVISIONS

Each agreement will include a payback provision if the company leaves the City of Medina during the term of the agreement.

ANNUAL REPORTING & MONITORING

Upon the City's request and on forms provided by the City, companies must submit an annual Job Creation Grant report documenting employment, payroll and investment performance. This report will be requested annually following the February 28th deadline for submittal of "Reconciliation of City Income Tax Withheld - Form S-W3".



Exhibit A
Ord. 194-14

Annual performance reports will be reviewed by the Economic Development Director and Finance Director, with a report to the Business Development Committee and Council.

For every year that a company receives a grant, an annual monitoring fee of \$500 will be charged to the company.

Annual monitoring will require a representative from the company to attend a meeting with the Business Development Committee and/or a site visit by a city representative.

PROGRAM FUNDING

Funding for the program will come from non-tax generated revenues, including but not limited to interest income, permit fees, services charges, activity fees, tax incentive application and monitoring fees.



CITY OF MEDINA
JOB CREATION GRANT APPLICATION

ORD 194-14
Exh A

The following is an application to the City of Medina located in the County of Medina by _____, hereinafter referred to as the company, for Job Creation Grant Incentives.
(company name)

I. General Information

Applicant Company Name _____

Home or Main Office Street Address _____

City _____ State _____ Zip code _____

Local Project Site Street Address _____

City _____ State _____ Zip code _____

Contact Person Name _____

Telephone _____ Fax _____

Email _____

Nature of business (manufacturing, distribution, wholesale, retail, residential or other)

Standard Industrial Codes that apply to the products produced by the enterprise.

SIC Code # _____ NAICS Code # _____

SIC Code # _____ NAICS Code # _____

Form of business (corporation, partnership, proprietorship, or other).



Name of principal owner(s) or officers of the company (attach list if necessary).

Does the company owe:

A. Any delinquent taxes to the State of Ohio or any County, City or Township within the State of Ohio?

Yes _____ No _____ (please check)

B. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State?

Yes _____ No _____ (please check)

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 _____ (please check)

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 (attach additional sheets if needed).



II. Financial Information & Project Information

Estimate the amount to be invested by the company to establish, expand, renovate or occupy a facility:

	Total Amount
A Land	\$
B Acquisition of Buildings	\$
C Additions/New Construction	\$
D Improvements to Existing Buildings	\$
E Machinery & Equipment	\$
F Furniture & Equipment	\$
G Inventory	\$
Total New Project Investment	\$

Project will begin _____, 20__ and be completed _____, 20__.

Project Description: _____

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



III. Employment & Payroll Information

A. State the company's current employment level in the City of Medina (for all locations) and the total of any other Ohio locations as well as annual payroll for those jobs:

Current F/T Permanent Employees in Medina		Current Annual Payroll for F/T Permanent Employees in Medina	\$
Current F/T Employees in Ohio at locations outside of City of Medina		Current Annual Payroll for F/T Employees in Ohio at locations outside City of Medina	\$

B. List proposed schedule for new hiring as a result of this project:

	Year 1	Year 2	Year 3	Total
New F/T or F/T equivalent Permanent employees				

C. Estimate the amount of Payroll such NEW employees will add as a result of this project:

	Year 1	Year 2	Year 3	Total
New F/T or F/T equivalent Permanent employees	\$	\$	\$	\$



IV. Certifications

Submission of the application expressly authorizes The City of Medina
(Name of Local Jurisdiction)

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/Business Owner

Date

Signature

Typed Name and Title

Application Fee:

- A non-refundable fee of \$500.00 is to be submitted with this application. A copy of the application will be attached to the final Job / Payroll Creation Grant Program Agreement, which must be submitted to City Council for approval.



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Exhibit B
Ord. 194-14

JOB & PAYROLL CREATION GRANT PROGRAM

PROGRAM DESCRIPTION

The City of Medina established the Job Creation Grant Program to offer incentives to eligible businesses to establish or expand in the City of Medina and to create and retain jobs. The City may offer an eligible company an annual grant payment based on a percentage of the annual payroll withholding taxes generated from new employees to the City of Medina. A company must be considering a location and a capital investment.

~~ALL JOB CREATION GRANT AGREEMENTS MUST BE COMPLETED PRIOR TO A COMPANY'S UNDERTAKING OF THE PROJECT. A company will lose its eligibility for the grant program if agreements for construction, leasing, or installation of machinery/equipment are finalized prior to completion of a Job Creation Grant Agreement with the City of Medina. Letters of intent must specify that agreements for construction, leasing, or installation of machinery/equipment are contingent upon completion of a Job Creation Grant Agreement. Commencement of a project prior to approval is done at the company's risk of rendering any such agreement invalid.~~

The grant would only apply to the jobs and payroll created after the effective date of the grant agreement. Upon application, the city may issue a notice to proceed that is subject to all approvals.

ELIGIBILITY

The program is available to businesses considering a location or expansion in any business district in the City of Medina.

Retail businesses and non-profits are not eligible.

~~A company receiving Enterprise Zone tax abatement is not eligible for a Job Creation Grant for the same project.~~

A company not yet located in Medina must create within a 3 year period a minimum of 30 10 new full time or full time equivalent jobs to within the City of Medina or and a minimum payroll of \$750,000 \$330,000 new to the City of Medina.

A company already located in Medina and expanding at its current facility or expanding at a new facility in Medina must create within a 3 year period an additional 30 10 new full time or full time equivalent jobs or and \$750,000 \$330,000 in new payroll, while maintaining its current employment workforce and payroll.



Upon approval of Council, the minimum job creation and new payroll requirements may be adjusted in keeping with economic conditions by an amendment to this Job Creation Grant Program.

Grant payments start after the company meets its designated target. The company has a three year window to meet that target. (EX: If a company only needs two years to meet its job creation and payroll projections associated with "the project", then grant payments would start in year three)

APPLICATION PROCEDURES

Application forms are available from the Economic Development Director.

Upon submittal of a completed application to the Economic Development Director, the applicant will be contacted to meet with the Business Development Committee.

A quorum is required for an application meeting.

Approval of an application is made by a simple majority.

The approval of the application means that the applicant has met the preliminary terms of the grant and that an offer will be made to the applicant.

Offers will be made in writing to the applicant. The offer will be in the form of a percentage of the annual payroll withholding taxes generated from new employees to the City of Medina and the length of the grant in years (see "Grant Offer Guidelines" paragraph). Upon the company's written acceptance of the offer, a legal agreement and accompanying legislation will be prepared for City Council's approval.

An application fee of \$500, in the form of a check payable to the City of Medina, shall be submitted prior to City Council's approval of the agreement. The fee is refundable if voted down or rescinded by either party.

BUSINESS DEVELOPMENT COMMITTEE

The Business Development Committee is responsible for reviewing each application, for assuring that the application meets the guidelines as set forth in the Job Creation Grant Program, setting the annual percentage of the grant (see section titled "Grant Payments") and for annually reviewing each approved grant for adherence to their agreement.

The Committee shall consist of the Mayor, the Economic Development Director, one (1) member representative from industry, one member (1) representative from finance, and one (1)



member of Council appointed by the President of Council. The term of the members shall be four years.

GRANT OFFER GUIDELINES

The maximum grant will be for 10 years and will be based on new payroll projections according to the following schedule:

<u>Payroll projected by end of Year 3</u>	<u>Length of grant</u>
\$330,000+ to 1 million	3 years
\$1 million+ to 2 million	4 years
\$2 million+ to 3 million	5 years
\$3 million+ to 5 million	6 years
\$5 million+ to 7 million	7 years
\$7 million + to 10 million	8 years
\$10 million+	9 years

~~If the company is leasing space, the number of years of the grant may be limited so as not to exceed the current lease term.~~

The annual percentage of the grant, up to 40%, will be determined on a case-by-case basis by the Business Development Committee. Grant payments will be based on taxable wages of new jobs created that are eligible for city payroll associated with the project.

GRANT PAYMENTS

Payment to the company will be made by June 30th of each year, based on the previous year's performance, provided that the company files its "Annual Reconciliation of City Income Tax Withheld - Form S-W3" by February 28th. If the company requests an extension to file the "Annual Reconciliation of City Income Tax Withheld - Form S-W3", the City will make payment within 3 months after the extended filing date. The tax form may be downloaded from the Central Collection Agency site: www.ccatax.ci.cleveland.oh.us.

If a company is not able to meet Year 1 projections due to a project start in the third or fourth quarter of the year, the first grant payment may occur in the year following the first full year of the project.

The amount of the grant will be calculated annually based on the company's performance in meeting its payroll and employment projections for the previous year. The grant will be awarded according to the schedule below:



<u>% of Payroll Projections Met</u>	<u>% of Grant Awarded</u>
90-100%	full grant (40%)
85-89%	reduce grant by 5% (Ex.: 40% grant reduced to 35%)
80-84%	reduce grant by 10% (Ex.: 40% grant reduced to 30%)
75-79%	reduce grant by 15%
Less than 75%	no grant for that year

For companies currently operating in Medina, total new payroll (~~existing + new~~) shall be used to determine the number of years of the grant.

The amount of the grant will be based on payroll taxes, according to the above schedule, and employment. The company must achieve at least 75% of the job creation projection for the previous year. If payroll is within the acceptable range, but employment is less than 75% of projection, no grant shall be awarded for that year.

If the company exceeds its payroll projections, the amount of new payroll used as the basis for determining the annual grant payment in any given year shall not exceed 25% above the maximum projection for the entire project.

For purposes of calculating the amount of the grant each year, exercised stock options will not be included in annual payroll.

TERMINATION OF AGREEMENT

The date by which Year 1 projections must be met will be specified in the agreement. If a project start or occupancy of a project facility is delayed, the company may send a written request to the Economic Development Director for a one year extension. The extension may be approved by the Economic Development Director with notice to the Business Development Committee. If the project does not proceed as specified in the agreement or within the one year extension period, Council may rescind the agreement upon recommendation of the Business Development Committee.

If a company fails to meet 75% of its payroll or employment projections in three consecutive years at any time during the term of the agreement, City Council shall may rescind the agreement following an annual report by the Economic Development Director on the status of all agreements.

If a project or occupancy of a project facility begins in the 3rd or 4th quarter of the year and the company is not able to meet its Year 1 projections by December 31st of that year, Year 1 shall be considered the first full year of occupancy.



PAYBACK PROVISIONS

Each agreement will include a payback provision if the company leaves the City of Medina during the term of the agreement.

ANNUAL REPORTING & MONITORING

Upon the City's request and on forms provided by the City, companies must submit an annual Job Creation Grant report documenting employment, payroll and investment performance. This report will be requested annually following the February 28th deadline for submittal of "Reconciliation of City Income Tax Withheld - Form S-W3".

Annual performance reports will be reviewed by the Economic Development Director and Finance Director, with a report to the Business Development Committee and Council.

For every year that a company receives a grant, an annual monitoring fee of \$500 will be charged to the company.

Annual monitoring will require a representative from the company to attend a meeting with the Business Development Committee and/or a site visit by a city representative.

PROGRAM FUNDING

Funding for the program will come from non-tax generated revenues, including but not limited to interest income, permit fees, services charges, activity fees, and tax incentive application and monitoring fees.



CITY OF MEDINA
JOB CREATION GRANT APPLICATION

ORD. 194-14
Exh. B

IMPORTANT: FINAL APPROVAL IS NECESSARY BEFORE PROJECT CAN BEGIN

The following is an application to the City of Medina located in the County of Medina by _____, hereinafter referred to as the enterprise, for Job Creation Grant Incentives.
(enterprise name)

I. General Information

Applicant Company Name _____

Home or Main Office Street Address _____

City _____ State _____ Zip code _____

Local Project Site Street Address _____

City _____ State _____ Zip code _____

Contact Person Name _____

Telephone _____ Fax _____

Email _____

Nature of business (manufacturing, distribution, wholesale, retail, residential or other) _____

Standard Industrial Codes that apply to the products produced by the enterprise.

SIC Code # _____ NAICS Code # _____

SIC Code # _____ NAICS Code # _____

Form of business (corporation, partnership, proprietorship, or other).



Name of principal owner(s) or officers of the company (attach list if necessary).

Does the company owe:

A. Any delinquent taxes to the State of Ohio or any County, City or Township within the State of Ohio?

Yes _____ No _____ (please check)

B. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State?

Yes _____ No _____ (please check)

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 _____ (please check)

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 (attach additional sheets if needed).



II. Financial Information & Project Information

Estimate the amount to be invested by the company to establish, expand, renovate or occupy a facility:

		Total Amount
A	Land	\$
B	Acquisition of Buildings	\$
C	Additions/New Construction	\$
D	Improvements to Existing Buildings	\$
E	Machinery & Equipment	\$
F	Furniture & Equipment	\$
G	Inventory	\$
	Total New Project Investment	\$

Project will begin _____, 20____ and be completed _____, 20____.

Project Description:

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



III. Employment & Payroll Information

A. State the company's current employment level in the City of Medina (for all locations) and the total of any other Ohio locations as well as annual payroll for those jobs:

Current F/T Permanent Employees in Medina		Current Annual Payroll for F/T Permanent Employees in Medina	\$
Current F/T Employees in Ohio at locations outside of City of Medina		Current Annual Payroll for F/T Employees in Ohio at locations outside City of Medina	\$

B. List proposed schedule for new hiring as a result of this project:

	Year 1	Year 2	Year 3	Total
New F/T or F/T equivalent Permanent employees				

C. Estimate the amount of Payroll such NEW employees will add as a result of this project:

	Year 1	Year 2	Year 3	Total
New F/T or F/T equivalent Permanent employees	\$	\$	\$	\$



IV. Certifications

Submission of the application expressly authorizes The City of Medina
(Name of Local Jurisdiction)

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/Business Owner

Date

Signature

Typed Name and Title

Application Fee:

- A non-refundable fee of \$500.00 is to be submitted with this application. A copy of the application will be attached to the final Job / Payroll Creation Grant Program Agreement, which must be submitted to City Council for approval.