

ORDINANCE NO.: 107 - 2018

INTRODUCED BY: Mayor Roche *Council*

AN ORDINANCE ADOPTING A JOB CREATION GRANT PROGRAM FOR THE CITY OF RICHMOND HEIGHTS; AND DECLARING AN EMERGENCY

WHEREAS, the retention and creation of jobs and employment opportunities is integral to the continued economic health of the City of Richmond Heights and its citizens;

WHEREAS, the use of governmental resources for the promotion of economic development in the community is in the public interest and is a proper exercise of municipal power under Article VIII, Section 13 of the Ohio Constitution;

WHEREAS, Article XVIII, Section 3 of the Ohio Constitution gives municipalities the authority to exercise all powers of local self-government;

WHEREAS, the State of Ohio, through various provisions of the Ohio Revised Code recognizes a municipality's ability to utilize governmental resources to create and retain jobs and to promote economic development in the community;

WHEREAS, the Mayor and Director of Economic Development have proposed a Job Creation Grant Program to incentivize job creation and encourage new business to move into Richmond Heights and to incentivize and encourage existing businesses in Richmond Heights to expand their operations in the City; and

WHEREAS, this Council wishes to adopt the Job Creation Grant Program to encourage economic expansion in the City to improve its real property and income tax base.

NOW, THEREFORE, BE IT ORDAINED by the Council of Richmond Heights, Cuyahoga County, State of Ohio, that:

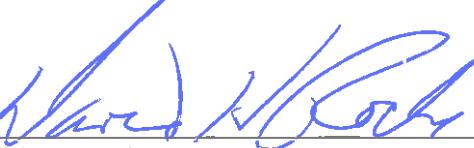
Section 1. The Job Creation Grant Program, as recommended by the Mayor and Director of Economic Development, and as further outlined in the Program Provisions attached hereto and incorporated herein as Exhibit "A," be adopted.

Section 2. It is found and determined that all formal actions of this Council concerning and related to the adoption of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees or subcommittees that resulted in such formal action, were in meetings open to the public, in accordance with all legal requirements including Section 121.22 of the Ohio Revised Code.

Section 3. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public health, safety and welfare and for the further reason that it is immediately necessary in order to further job creation and economic development within the City and to incentivize a current business seeking to re-locate its corporate offices into the City and to expand its offices and workforce at the earliest possible time; wherefore, this Ordinance shall be in effect immediately upon its passage and its signature by the Mayor, provided it

receives the affirmative vote of five members of Council; otherwise, it shall be in full force and effect from and after the earliest period allowed by law.

PASSED: October 9, 2018

  
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David H. Roche, Mayor

APPROVED: October 9, 2018

ATTEST: Betsy Traben  
Betsy Traben  
Clerk of Council

  
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Eloise Cotton-Henry  
President of Council

## **EXHIBIT A**

### **Job Creation Grant Program Provisions**

#### **City of Richmond Heights**

##### **Program Description**

The City of Richmond Heights establishes its Job Creation Grant Program to offer incentives to eligible businesses to establish and/or expand operations in the City of Richmond Heights and to create and retain jobs in the City of Richmond Heights. The City may offer an eligible business an annual grant payment based on a percentage of annual new employee payroll taxes collected by the City of Richmond Heights.

All job creation grant agreements with a recipient must be completed prior to a company's re-location to the City and/or undertaking of a project that will generate new employment opportunities and new payroll taxes in the City. A company will lose its eligibility for the grant program if agreements for land acquisition, construction, leasing or installation of machinery/equipment are finalized prior to completion of a Job Creation Grant Agreement with the City of Richmond Heights. Letters of intent must specify that agreements for land acquisition, construction, leasing, or installation of machinery/equipment are contingent upon execution of a Job Creation Grant Agreement. Re-location of the jobs to the City and/or commencement of a project prior to approval by the City Council is done at the company's risk, unless specifically waived by City Council.

##### **Eligibility**

- The program is available to businesses considering a re-location or expansion in any business district in the City of Richmond Heights.
- Retail and restaurant businesses are not eligible.
- A company not already located in Richmond Heights must create within a three (3)-year period a minimum of twenty (20) new jobs to the City of Richmond Heights or a minimum annual payroll of \$250,000.00 new to the City of Richmond Heights.
- A company already located in Richmond Heights and expanding at its current facility or expanding at a new facility in Richmond Heights must create within a three-year period an additional twenty (20) jobs or \$250,000.00 in new annual payroll while maintaining its current employment workforce and payroll. New annual payroll shall not include increased payroll due to annual salary increases, cost of living adjustments, salary schedule adjustments, stock options, etc.

##### **Application Procedure**

Application forms are available from the Director of Economic Development. Each grant application shall be reviewed to determine a project's economic impact and specific merits.

Upon submittal of a completed application, the applicant will be contacted to meet with the Director of Economic Development, the Mayor, a representative from City Council, and the

Director of Finance. Meetings shall occur within one month of receipt of a completed application. After meeting with the applicant, the Director of Economic Development or the Mayor may wish to discuss the application for a Job Development Grant with City Council.

After City officials and employees have reviewed the application and considered its merits, a written offer of a Job Creation Grant may be made to the applicant. If, for any reason, City officials or employees determine that the application does not demonstrate that the applicant is entitled to a Job Creation Grant, the City will notify the applicant in writing that its application has been denied.

An applicant must send written correspondence accepting the City's offer to the Mayor. Upon receipt of a letter of acceptance, a draft Job Creation Grant Agreement and legislation authorizing the Mayor to enter into such an Agreement will be prepared for City Council's consideration and potential approval. The job creation and payroll tax projections made by the applicant on the application form will serve as the basis of the company's commitments in the agreement. **Upon placement of an agreement on Council's agenda, information contained in the agreement and the company's application is a public record.**

A non-refundable application fee of \$500.00 in the form of a check, payable to the City of Richmond Heights, is required prior to City Council approval of the agreement. The applicant may begin the project following City Council approval and execution of the agreement.

### **Guidelines for Grant Offers**

The length of the Job Creation Grant and the annual percentage of the grant will be determined on a case-by-case basis by the City based upon the merits of the project. The maximum grant term shall not exceed fifteen (15) years for any project.

- If the company is leasing space, the number of years of the grant may be limited so as not to exceed the lease term.
- The grant agreement will be for a specific facility or project site. However, if a company has multiple locations in the City of Richmond Heights and business considerations require that new employees hired for the Grant project be transferred to other facilities in the City of Richmond Heights, those relocated positions may be included in meeting employment and payroll commitments, as long as the new net payroll increase requirement is met.
- The Job Creation Grant may serve as a local match for a State Job Creation Tax Credit, or other similar incentive offered by the State of Ohio.
- If the Job Creation Grant is to serve as the required local match for any State Tax Credit, the term of the Grant will equal the term of the State Tax Credit, and the amount of the Grant shall be consistent with the amount of the required local match which may be dictated by the guidelines for the State Tax Credit program.

### **Grant Payments**

In order to receive a Job Creation Grant, the company must file a Form 17 Reconciliation of Return of Income Tax Withheld and Transmittal of W-2 Forms (“Form 17”), due each year by February 28 and an annual Job Creation Grant report.

Grant payments will be made by April 15<sup>th</sup> of each year, based on the previous year’s performance, provided that the company timely files its Form 17 and timely submits its annual Job Creation Grant report. If the company requests an extension to file the Form 17, the City will make payment within three (3) months after the extended filing date. It is the responsibility of the company to inform the Director of Economic Development of an extended filing date.

If a project or occupancy of a project facility begins in the 3<sup>rd</sup> or 4<sup>th</sup> quarter of the year, and the company is not able to meet its Year 1 projections by December 31<sup>st</sup> of that year, Year 1 will be considered the first full year of occupancy, and the first grant payment will 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 company must achieve at least 75% of the job creation and payroll projections for the previous year. If the company fails to achieve at least 75% of its job creation and payroll projections, no grant will be awarded for that year.

If the company exceeds its payroll projections, the new payroll that will be used to determine the annual grant payment in any given year will not exceed 50% above the maximum projection for the term of the grant.

For the 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, completion, or occupancy is delayed, the company may send a written request to the City asking for a one-year extension. The extension may be granted by the Mayor. If the project does not proceed as specified in the agreement or within the approved one-year extension period, Council may rescind the agreement. If the project will proceed in the future and a Job Creation Grant is desired, the company must reapply for the Grant.

If a company fails to meet its 75% of its payroll or employment projections in three (3) consecutive years at any time during the term of the agreement, or if the company vacates the facility or project site, terminates its operations at the facility or project site, or moves the new jobs from the facility or project site at any time during the period of the Job Creation Grant Agreement Period or at any time in the next full calendar year following the final year or part year of a job creation period in a Job Creation Grant Agreement, City Council may rescind the agreement; and if the agreement is rescinded, any amounts paid by the City to the grant recipient must be repaid.

### **Payback Provisions**

Pursuant to the foregoing provisions, each agreement shall include a payback provision requiring the company to reimburse the City of Richmond Heights from payments made pursuant to the Job Creation Grant Agreement.

### **Annual Reporting**

Upon the City's request and on forms provided by the City, grant recipients must submit an annual Job Creation Grant report documenting employment, payroll, and investment performance. This report will be requested annually following the February 28<sup>th</sup> deadline for submittal of a Form 17.

A Job Creation Grant report will be reviewed by the Director of Economic Development and the Director of Finance to ensure compliance with the terms of the agreement. The Director of Economic Development and Director of Finance will share their findings with City Council.

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