

2
3 CITY OF CUYAHOGA FALLS, OHIO

4
5 ORDINANCE NO. - 2018

6
7 AN ORDINANCE AUTHORIZING THE MAYOR TO
8 ENTER INTO AN ENTERPRISE ZONE TAX INCENTIVE
9 AGREEMENT WITH KYOCERA SGS PRECISION
10 TOOLS, INC. AND THE COUNTY OF SUMMIT, AND
11 DECLARING AN EMERGENCY.

12
13 WHEREAS, the City passed Ordinance Nos. 129-1995 and 26-1996 to
14 authorize the City’s participation in the County’s Enterprise Zone Program; and
15

16 WHEREAS, the City of Cuyahoga Falls has been certified by the State of Ohio
17 Director of Development Services Agency as an Enterprise Zone enabling it to
18 exempt certain taxes imposed on industry provided said industry creates or
19 retains jobs and makes a significant investment within the certified zone; and
20

21 WHEREAS, the creation of an Enterprise Zone in the City of Cuyahoga Falls
22 was intended primarily to induce economic growth by assisting Cuyahoga Falls’
23 businesses to expand and businesses to locate in Cuyahoga Falls through the
24 use of tax incentives.
25

26 NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Cuyahoga
27 Falls, County of Summit, and State of Ohio, that:
28

29 Section 1. The Mayor is hereby authorized to enter into an Enterprise Zone
30 Tax Incentive Agreement with Kyocera SGS Precision Tools, Inc. and the County
31 of Summit consistent with the terms in the proposed Enterprise Zone Application
32 attached hereto as Exhibit A, to provide real property tax abatement at the
33 percentage and length of abatement as stipulated in said application, to benefit
34 the City and being consistent with the objectives of this ordinance.
35

36 Section 2. Council further authorizes the Mayor, Director of Finance,
37 Director of Community Development, Director of Law and any other City officials,
38 individually and/or collectively as may be appropriate, to prepare and execute
39 such other documents and do other things as are necessary for and incidental to
40 carrying out the requirements of this legislation consistent with the terms of the
41 attached application.
42

43 Section 3. Any other ordinances or resolutions or portions of ordinances
44 and resolutions inconsistent herewith are hereby repealed, but any ordinances
45 and resolutions not inconsistent herewith and which have not previously been
46 repealed are hereby ratified and confirmed.
47

48 Section 4. It is found and determined that all formal actions of this Council
49 concerning and relating to the adoption of this ordinance were adopted in an
50 open meeting of this Council and that all deliberations of this Council and of any
51 of its committees that resulted in such formal action were in meetings open to

52 the public, in compliance with all legal requirements including Chapter 107 of
53 the Codified Ordinances.

54
55 Section 5. This ordinance is hereby declared to be an emergency measure
56 necessary for the preservation of the public peace, health, safety, convenience
57 and welfare of the City of Cuyahoga Falls and the inhabitants thereof, and
58 provided it receives the affirmative vote of two-thirds of the members elected or
59 appointed to Council, it shall take effect and be in force immediately upon its
60 passage and approval by the Mayor; otherwise it shall take effect and be in force
61 at the earliest period allowed by law.

62
63
64 Passed: _____
65 _____
66 President of Council

67
68 _____
69 Clerk of Council

70
71
72 Approved: _____
73 _____
74 Mayor

75 10/15/18
76 O:\2018ords\Kyocera SGS Precision Toos, Inc Enterprise Zone.docx
77

EXHIBIT A

PROPOSED AGREEMENT for Enterprise Zone Tax Incentives between the City of Cuyahoga Falls located in the County of Summit and:

Kyocera SGS Precision Tools, 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).

Kyocera SGS Precision Tools & Crooked River Realty LLC
Enterprise Name

Jeffrey B. Zaucha
Contact Person

55 South Main Street, Munroe Falls Ohio 44262
Address

330.686.4182
Telephone Number

Zauchaj@kyocera-sgstool.com
Contact Email

Project site:

220 Marc Drive & 238 Marc Drive
Address

#35-00311, #35-04028, #35-04029
Parcel Number

Jeffrey B. Zaucha
Contact Person

330.686.4182
Telephone Number

zauchaj@kyocera-sgstool.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.

Kyocera SGS Precision Tools is a world wide manufacturer of solid round carbide cutting tools.

- b. List primary 6 digit North American Industry Classification System (NAICS) #
Business may list other relevant SIC numbers.
333515

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

We plan to consolidate our manufacturing, coating, distribution and administrative functions all to the Marc Drive campus.

- d. Form of business of enterprise:

Corporation Partnership Proprietorship Other

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

Thomas J Haag, President and officer of Kyocera SGS Precision Tools and James P Haag, officer.

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

Full Time: 18 Part Time: 1
(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:

Associates will be relocated from 55 and 13 South Main Street in Munroe Falls, to the 238 and 220 Marc Drive locations.

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	209	
Part Time	10	

(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:

78 full-time and 5 part-time associates from the 55 and 103 South Main Street facilities will relocate to the 220 and 238 Marc Drive locations.

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

83 (78 full and 5 part-time) associates totaling \$5,121,138.47 in payroll and \$11,332,911.62 of machinery and equipment will transfer to the Marc Drive facilities.

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.

6. Project Description. Be as detailed as possible:

Kyocera SGS Precision Tools plans to invest \$2,200,000 in the remodeling of the inside and outside structures of 220 and 238 Marc Drive. The facilities will be made to replicate the design of the current structure at 150 Marc Drive. In addition, the inside of 238 Marc Drive will be redesigned to house our PVD coating operation as well as the warehousing of our \$7,500,000 of finished goods inventory. 220 Marc Drive will be remodeled for our customer service and administrative activities. A driveway connecting Cochrane road to the 238 Marc Drive facility will be constructed to allow access for pick up and deliveries of goods and materials.

7. Project will begin on 11/01/18 and be completed by 04/30/19 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	78	
Part Time	5	

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

b. State the time frame of this projected hiring: 6 months.

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

Kyocera SGS Precision Tools plans to move the 78 full-time and 5 part-time associates from our Munroe Falls facilities to our campus on Marc Drive in Cuyahoga Falls.

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	\$	5,029,403.47	\$	
Part-time	\$	91,735	\$	
TOTAL:	\$	5,121,138.47	\$	

(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: \$ 6,850,283.18

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	\$	_____
B. Additions/New Construction	\$	_____
C. Improvements to Existing Buildings	\$	<u>2,200,000</u>
D. Machinery & Equipment	\$	11,332,911.62 (existing equipment in Munroe Falls)
E. Furniture & Fixtures	\$	_____
F. Inventory	\$	7,500,000
Total New Project Investment	\$	21,032,911.62

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)

Kyocera SGS Precision Tools prides itself on being at the forefront of the cutting tool industry, with a special focus on leadership in innovation, quality, technology, and service. Our commitment to continuous improvement is evidenced by the fact that we are ISO 9001:2015 certified. This commitment, however, requires that we continuously invest large amounts in capital equipment, R&D, new technology, and employee development. At the same time, we face tremendous price pressure from competitors and customers. As a leading manufacturer of rotary carbide cutting tools, our customers demand that we take on more R&D and design responsibilities, while continually forcing us to reduce our prices. If we are to continue to survive in this highly competitive environment, we must continue to look for ways to reduce our operating costs. The Enterprise Zone incentives that we are seeking are a key component of our strategy for maintaining a lean cost structure and are necessary for our continued success in the market. We firmly believe that we would obtain very lucrative economic incentives if this project were to be undertaken at a location outside of Summit County or the State of Ohio resulting in a loss of approximately 184 jobs in Summit County, of which approximately 134 jobs reside in Cuyahoga Falls. Finally, such incentives will allow us to sustain our long-term commitment to Cuyahoga Falls, Summit County, and the State of Ohio.

Submission of this application expressly authorizes the City of Cuyahoga Falls and County of Summit 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.

Kyocera SGS Precision Tools & Crooked
River Realty LLC

Name of Property Owner

Treasurer

Title



Signature

09/04/18

Date