

MEMORANDUM

Date: October 3, 2023
To: Thom Sheridan, City Manager
From: Greg Hannan, Community Development Director
Katie Behnke, Economic Development Manager
Re: Job Creation Grant Program Proposals

City staff reviewed the Job Creation Grant program guidelines to align the guidelines with how the program is deployed in practice and to add extra incentive for sustainable projects in our community as incorporated into the Environmental Awareness Committee's goals for 2023. Staff presented a draft proposal to Council in the Workshop held on September 12, 2023. The below information addresses questions and concerns that were raised during that time.

Peer Community Research

A concern was raised that increasing the payroll eligibility threshold from \$250,000 to \$2,000,000 was too large of an increase. Council wanted to better understand the minimum level of payroll that surrounding communities require for their programs. The community has been identified below only for those that make this information publicly available on their website.

- Community #1 \$2,000,000
- Community #2 \$500,000 current payroll, with commitment to add \$250,000 more
- Stow \$500,000 outside tax sharing district, \$2,000,000 within district
- Wadsworth \$300,000
- Strongsville \$6,000,000
- Mentor \$525,000 for 10% grant, \$3,500,000 for 50% grant (sliding scale)
- Tallmadge \$500,000

Staff also noted that the requirements of this program, particularly that a Job Creation Grant must be negotiated prior to signing a lease or land contract, often rules out small businesses who have taken those steps prior to reaching out to Economic Development. As a result, Staff proposed a new small business grant program to be brought forth in an upcoming Council Workshop for feedback and discussion. This grant will be designed for a lower payroll threshold.

Current Grant Recipient Impact

Council requested clarification on what the total financial exposure to the City could be for implementing an additional year of grant eligibility for sustainable projects. Using the payroll commitment in each active grant agreement, the estimated one year of exposure is as follows:

Business	Grant At Payroll Commitment	Grant At Grant Cap
Business #1	\$121,218.98	\$151,523.72
Business #2	71,000.00	82,500.00
Business #3	93,000.00	116,250.00
Business #4	23,600.00	29,500.00
Total Exposure	\$308,818.98	\$379,773.72

Review Sustainable Projects with Environmental Awareness Committee

Staff commented that we had not yet discussed the project list with the Environmental Awareness Committee (EAC). As partnering with Economic Development on incorporating sustainable projects into the incentive package was a goal outlines for the EAC in 2023, Staff sent the proposal to the committee and received feedback in the October 2, 2023 EAC Board Meeting and incorporated the following changes:

- Addition of the following project examples:
 - o Upgrading gas or diesel backup generators with battery storage and backup.
 - o Including air or water heat pumps in the geothermal heat pump line
 - o Upgrading facility lighting from traditional bulbs to LED lighting
 - o Landfill diversion projects for food refuse for onsite food operations
- Stating that project components must be in service at the project site for the duration of the grant (unless the equipment reaches its useful life prior to that time).

There was discussion about adding upgrading fleet vehicles from fossil fuels to electric vehicles as an acceptable project since those vehicles will be operate in our community and directly impact carbon emissions. Ultimately, it was determined that it would be difficult to monitor that those vehicles would be used in Hudson versus another location and given the size of most commercial / industrial properties in our community the businesses that require onsite fleet are somewhat limited. Additionally, these vehicles could easily reach their useful life prior to the eleven-year grant maximum now proposed. As a result, electric vehicles are not explicitly listed as an example project.

Establish Standard Grant Amounts / Grant Limits

Council raised a concern that a year of grant payment could be more than the cost to implement the sustainable project component. We discussed adding language to limit the additional year of grant payment to the actual cost of the project or up to an established amount by project as defined by Staff. As we left the program guidelines open to ‘comparable projects’, it seems more efficient to request actual spend documentation, rather than establish a price list for various projects that requires updating on a regular basis. Language has been added to the program guidelines reflecting that reimbursement will be limited to actual project spend.