

JOB CREATION INCENTIVE GRANT PROGRAM

VILLAGE OF WALTON HILLS

Mayor Kevin Hurst

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PURPOSE: The purpose of the Job Creation Incentive Grant Program (JCIGP) is to maintain the Village of Walton Hills' competitiveness as a location for new business and expansion of existing businesses. This program may be used in conjunction with other financing and incentive programs available through the federal government, the State of Ohio and / or Cuyahoga County.

GOAL: The goal of the Job Creation Incentive Grant Program is to provide incentives to eligible businesses in an effort to establish or expand operations in Walton Hills and to create and retain jobs.

ELIGIBILITY

- The program is available to businesses considering locating or expanding in any of the districts in the Village of Walton Hills.
- Retail and / or service businesses are not eligible.
- A business receiving "Enterprise Zone" tax abatement is not eligible for a Job Creation Incentive Grant.
- A business not yet located in Walton Hills must create within a three year period a minimum of 40 new FTE jobs in the Village of Walton Hills or generate a minimum of \$15,000 additional annual payroll withholding and net profit tax combined.
- A business currently located in Walton Hills and expanding at its current facility or expanding at a new facility must create within a three year period an additional 40 FTE jobs or \$15,000 in additional annual payroll withholding and net profit tax, while maintaining its current employment workforce and payroll.
- Consideration will be given for a turnkey operation to receive grant payments upfront for years one through three if \$500,000 of documented capital improvements are needed.

APPLICATION PROCEDURES: Application forms are available at the Village of Walton Hills Municipal Building, 7595 Walton Rd, Walton Hills, OH 44146 and can be obtained from the Mayor. Application forms are also available through the Village of Walton Hills web-site www.waltonhillsohio.gov.

An application fee of \$100, in the form of a check payable to the Village of Walton Hills, is required prior to the Village Legislative Authority's approval of the agreement.

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Upon review of submitted applications, the applicant will be contacted to meet with the Mayor and / or his / her designee. Applicants will be required to give a brief explanation of the nature of the company, project and the necessity of the requested grant.

Village proposals will be made in writing to the applicant. Upon the applicant's written acknowledgement of the proposal and the applicant's offer to enter into the agreement with the Village, an agreement and legislation will be prepared for the Village Legislative Authority's approval. The projections made by the business on the application form will be the basis of the business's commitments in the agreement. **Upon placement of an agreement on the Legislative Authority's agenda, information contained in the agreement and in the business's application is considered public record.**

FINAL APPROVAL: The Legislative Authority of the Village of Walton Hills has the final approval of all grant agreements. Grants will be awarded on a first come, first served basis. Payment of grant in future years will be conditional upon and subject to appropriations of non-tax revenues by the Legislative Authority for such payments.

The applicant and the Village of Walton Hills will execute a contract stating the amount of the grant award, the term of the grant award and any other terms and conditions required for the applicant to receive the grant payments.

The applicant may begin the project following approval by the Legislative Authority of the Village of Walton Hills and execution of the grant agreement.

DETERMINATION OF GRANT AMOUNT: The specific grant to any one company will be based on the company's gross payroll and net profits and amount of income tax such payroll and net profits will generate in the Village of Walton Hills.

For businesses already located in Walton Hills, the grant amount will be based on the increased portions of the company's gross payroll and net profits and amount of income tax such payroll and net profits will generate in the Village of Walton Hills.

The annual percentage of the company's withholding and net profit to be used in the calculations for determining the grant amount will be determined on a case-by-case basis by the Mayor with recommendations from the Economic Development Team.

TERMS OF THE GRANT: All grant projects and payments will be adjusted to a calendar year basis.

All Job Creation Grant Incentive Grant Agreements must be completed prior to the start of the project.

A business 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 Incentive Grant Agreement with the Village of Walton Hills. 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 Incentive Grant Agreement.

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The grant will be for a fixed number of years, not to exceed seven (7) and will be based on the total increased municipal payroll withholding and net profit tax projections according to the following schedule:

<u>Total Projected Increased Withholding and Net Profit Tax by the end of Year 3</u>	<u>Length of grant</u>
\$15,000 to \$20,000	5 years
\$20,001 to \$60,000	6 years
\$60,001 and over	7 years

For businesses existing in Walton Hills, the total increase of municipal payroll withholding and increased net profit tax will be used to determine the number of years of the grant.

If the business is leasing space, the number of years of the grant will be limited so as not to exceed the lease term.

The grant agreement will be for a specific facility and business.

In order to receive the grant, the business must file Form W3 Employer's Withholding Reconciliation (EWR) of Village Income Tax Withheld and W-2 Forms, due each year by February 28th, and an annual Job Creation Incentive Grant Report (see below under "Annual Reporting").

Payment to the business will be made prior to June 30th of each year, based on the previous year's performance, provided that the company files the EWR Form W3 by February 28th, and the business submits the annual Job Creation Incentive Grant Report by the requested date (see below under "Annual Reporting"). If the business requests an extension to file the EWR Form W3, the Village will make payment within three months after the actual filing date. It is the responsibility of the business to inform the Fiscal Officer of an extended filing date.

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 one (1) projections by December 31st of that year, Year one (1) as well as the first full year of the project 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 business's performance in meeting its total municipal income tax projections for the previous year. The grant will be awarded according to the schedule below:

<u>Total Amount of Municipal Tax Projections Met</u>	<u>% of Grant Awarded</u>
100%	full grant
85-99%	reduce grant by 5% (Ex.: 25% grant reduced to 20%)
80-84%	reduce grant by 10% (Ex.: 25% grant reduced to 15%)
75-79%	reduce grant by 15% (Ex.: 25% grant reduced to 10%)
Less than 75%	no grant for that year

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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 projected, no grant will 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 will not exceed 25% above the maximum payroll projection for the year in which the maximum employment level is projected.

For purposes of calculating the amount of the grant each year, exercised stock options, separation pay, termination pay, reduction in force pay and / or buy-outs paid as a result of ending employment will not be included in annual payroll. Upfront payment of grants may be made for years one through three if capital improvement criteria are met. The Village may make a payment up to \$10,000 per year for a total of \$30,000.

TERMINATION OF AGREEMENT: The date by which the first year projections must be met will be specified in the agreement. If a project start, completion or occupancy is delayed, the business may send a written request to the Fiscal Officer for a one year extension. The extension may be approved by the Mayor with notice to the Village's Legislative Authority. If the project does not proceed as specified in the agreement or within the approved one year extension period, the Legislative Authority may rescind the agreement upon recommendation of the Mayor and Fiscal Officer. If the project will proceed in the future, the business may reapply for incentives.

If a company fails to meet 75% of its payroll withholding, net profit or employment projections in three consecutive years at any time during the term of the agreement, the Village Legislative Authority shall rescind the agreement, following an annual report by the Fiscal Officer on the status of all agreements.

In the event of a transfer of ownership, job grant benefits may be assigned to a successor company by action of the Village Legislative Authority.

PAYBACK PROVISIONS: The acceptance of the grant from the Village of Walton Hills will require a contractual commitment on the part of the applicant to substantially maintain the subject project operations in the Village of Walton Hills for a period of time equal to a ratio of 1.5 years per approved grant year (example: 7 year grant = 10.5 year commitment to remain in the Village of Walton Hills).

Each agreement will include a payback provision requiring the company to reimburse the Village of Walton Hills for 100% of grant money awarded if the company fails to abide by the contractual commitment to remain in Walton Hills or fails to meet the other criteria of the grant agreement.

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ANNUAL REPORTING: Upon the Village's request and on forms provided by the Village, companies must submit an annual Job Creation Incentive Grant report documenting employment, payroll, net-profit and investment performance. This report will be requested annually following the February 28th deadline for submittal of EWR Form W3. The business's annual Job Creation Incentive Grant report will be reviewed by the Mayor and the Economic Development Team to ensure compliance with the terms of the agreement. Their findings will be submitted to the Village Legislative Authority.

MORE INFORMATION: For more information about the Job Creation Incentive Grant Program, please contact the Business Manager at 440.232.0496, who is available to assist your company through the application and approval process.

The Village of Walton Hills does not discriminate on the basis of race, color, national origin, sex, religion, age, or disabled status in employment or the provision of services.