

**PUBLIC WORKS AND ECONOMIC DEVELOPMENT COMMITTEE
MEETING MINUTES
MONDAY, APRIL 9, 2018**

The Public Works and Economic Development Committee met Monday, April 9, 2018 at 6:30 PM in the Council Chambers at the Knisely Centre. The purpose of the meeting is to discuss the proposed loan for the Harry Clever Field Airport Hangars and a waiver request proposed by Gemini Industrial Machine Group.

In attendance were Public Works and Economic Development Committee persons:

Committee Chairperson: Mr. Dean Holland

Committee Members John Zucal

Excused Absence: Committee Member Cheryl Ramos, Committee Alternate Kelly Ricklic

Guests were:

Mayor Joel Day,

Law Director Marvin Fete,

Service Director Ron McAbier,

Safety Director Greg Popham

President of Council Sam Hitchcock

Council Clerk Julie Courtright

Councilperson Mrs. Aimee May

Councilperson Mr. Dan Lanzer

Public Works and Economic Development Committee Chairperson, Dean Holland called the meeting to order at 6:30 PM. Mr. Holland introduced President of Gemini Industrial Machine Group Jason Johnson.

Mr. Johnson made the following statement:

(Distributed handout to members of Council and Administration) Gemini Industrial Machine Group started three years ago. We were located in the north end of Dover. We are an engineering firm that specializes in building automated equipment for area manufacturers. Our customers include Lauren Manufacturing, Zimmer, Marlite, and others. We get a lot of questions concerning whether our equipment is replacing jobs. The answer is absolutely not. The current economy the way it is area manufacturers cannot find employees so they're using our services to replace mundane tasks in their facilities and using those employees elsewhere. We have locked up quite a few contracts, three or four year terms with companies such as Lauren and Zimmer. We are growing at a fast pace. Last year was 640% growth over the previous year. This year we're already on pace for about 300% of where we were last year at the same time. Our Zimmer contract is going to pick up in June. Currently we're in about 8000 square foot location on the north end of Dover. We've been talking with the C.I.C. since last July/ August about purchasing property at the Tech Park and building a facility and looks like that's all coming to fruition. We'll be closing on a property if not late this week the first part of next week. All the title work is done on that so we can start moving forward. Once Council approves our request we can break ground sometime late May or June to start construction. We are in the process of moving ahead with the engineering of the building so we have the building up and enclosed by the time the weather turns bad so we can be moved in by this time or earlier Spring of next year. We're proposing building a 25,000 square foot building up there to begin with. We have an additional expansion of another 50,000 square foot with 7 acres. Our current work force is about eight employees. We'll be going to 16 to 20 within the next year and a half to two years, potentially we'll work on some other contracts that could double that.

Mr. Zucal had the following comment:

I've known Mr. Johnson for twenty plus years at least and I know how hard he's worked to build and establish Gemini. He invited us over last summer to tour his facility in Dover and I came away very impressed with what he and the company was doing and how they had a vision for the future. I know how the company has been vetted pretty thoroughly the C.I.C. and there's a great deal of support within that organization for Jason and what he wants to try to do. I'm just excited about the fact that he's willing to take a stand and move to New Philadelphia beyond just locating in our community, taking that risk to be one of the first to venture out into the Tech Park and to fulfill the vision that was set for it many years ago. Just personally and on a professional level I can't speak highly enough of this young man and what he's done to build his company and I would think it would be a great asset to the City of New Philadelphia to have it here.

Chairman Holland had the following comment:

I would just like to thank Mr. Johnson for looking at the City of New Philadelphia and giving us the opportunity to be in this venture with you. We're certainly excited about a new business coming to town and the prospect of new employees coming to town. That's all very exciting to us.

Mr. Johnson had the following comment:

I am a Class A trustee of the C.I.C. and have been a member of the C.I.C. for about nine years now. So, I've been around and have watched everything go with the Tech Park and have seen the vision of Mr. Tolloty and Dean Greg Andrews through this whole process, so I get it and I hope to eventually help fulfill their mission.

President of New Philadelphia City Council Sam Hitchcock had the following comment:

I was on City Council years ago as the Council at Large when I heard the City contributed a million dollars into the development of the Tech Park. More recently Tolloty Incubator is something that's a very important step in further development of that area and I think the addition of Gemini hopefully will be something that will spur further development in that area.

Law Director Fete had the following question:

How many employees do you have there?

Mr. Johnson had the following response:

Currently we have eight. A year ago at this time we had three. We're looking to hire another four yet this summer. We'll continue to add on. We have a lot of good contracts signed with good companies in the area that really believe in what we're doing and we're taking care of them.

Mayor Day had the following question for the Committee:

Do the Committee members understand the Enterprise Zone and how it works with Mr. Johnson's business? Scott Reynolds the County Economic Director is here if you have any questions regarding the Enterprise Zone.

Chairman Holland introduced Mr. Scott Reynolds, Director of the Tuscarawas County Office of Community and Economic Development.

Mr. Reynolds had the following statement:

The company Gemini has requested of the City a tax abatement of 75% for 10 years and that's only on new taxes. It doesn't change your existing taxes. It would be taxes generated after the building is already constructed and actually generating new taxes for the City. Because they're relocating to the north end of Dover they're not actually in the City of Dover, they're in Dover Township. They do get power from the City of Dover but they're not actually located within the City limits which actually makes relocation a little bit easier since it's not one municipality to another. We do have to request a waiver from the State that's already been sent in. I had discussions with Mayor Day, and that's just to get permission from the State to allow the City to vote one way or another. We have to get that waiver before they can actually grant the tax abatement. So that's in the works and they'll probably schedule a meeting with them sometime in the next few weeks. It shouldn't take a real long period of time to find a yea or nay from the State. We have already notified both the Dover Township Trustees and Buckeye Career Center. That's just notifying them that there's a proposed agreement on the table and when the City would actually take official action which I don't think could be until May 14, 2018. So that was the date that we gave them in that notice that there wouldn't be official action on it until that day, and that would come after we get a waiver from the State.

MR. ZUCAL MOTIONED THAT RESOLUTION 11-2018 BE ADDED TO TONIGHT'S AGENDA FOR 1st Reading

MR. HOLLAND SECONDED THE MOTION

RESOLUTION 11-2018 WILL BE ADDED TO TONIGHT AGENDA

Chairman Holland made the following statement:

The next item on the Agenda is the loan proposal for Harry Clever Field. Mr Mayor, did you receive an update or a change?

Mayor Day had the following response:

Yes, I sent that to everybody today. It's essentially the same proposal that was given two weeks ago that had both the EFA and the City's name on it. This revised proposal just removes the EFA.

Mr. Zucal made the following statement:

I've heard from some of the members of the Airport Commission in regard to this and being aware of the concerns expressed by Councilwoman Ramos in regard to securing commitments to the 12 bay hangar process. Some thoughts came forward. Don Kennedy, Don's been here and spoken on behalf of the Airport Commission as a driving force behind what he believes would be a very beneficial acquisition to the City of New Philadelphia with the construction of the 12 bay hangar. Don's concern was the fact that as we've kind of gone through this process from its infancy that at no point in time was there a specific discussion or decision made regarding the need for commitments to be completed prior to seeking or agreeing to financing through First Federal. His concern was how does that look, because it does add another leg to that, and I understand where the Mayor and some of the other folks are, obviously when you're talking about a half million dollar loan. I know Councilwoman Ramos brought up the question about who's going to set the rates for the hangars. Right now we've talked about the neighborhood of \$300.00 per month and if you do the quick math on that over the life of the loan that would generate \$864,000.00 in full occupancy over the life of the loan. I can see a great deal of benefit with that because with those rents and building that in we'd be able to maintain because in 20 years there's going to be some wear and tear and we would have that built into our budget as well given the circumstances. We can't guarantee 100% occupancy but this is something we worked on for a long time. The other piece of that is, and I guess it's for the Law Director. I struggle with the term "commitment" because in my mind a commitment is not a legally binding term. To say that I'm going to commit to something it doesn't necessarily mean I'm going to do it. My thought is that there's no way through just a commitment process that we can insure when someone says I'm willing to commit to 5 years on a hangar that that guarantees us anything. I believe we have to enter into some type of formal contract.

Law Director Fete had the following comment:

They would have to sign a formal contract. The City can't operate on a verbal agreement.

Mayor Day had the following comment:

I would leave the terms of the leases up to the Airport Commission to decide whether the leases should be 5 years, 10 years, open ended. I would like the people who lease the hangars to be there as long as they can be there.

Mr. Zucal had the following comment:

I'm not sure we would want to open any discussion with a potential lessee for any term longer than 5 years unless they're willing to commit to that on their end. For us to say we're seeking a 10, 15, 20 year, that could be counter-productive for us. For some of those folks it may be a deterrent to entering into an agreement.

Mayor Day had the following comment:

All I'm asking for is some firm commitments from people that if we build it they're going to hangar their planes there. Otherwise we're going to have to pay that note off using airport revenue which we can't afford to do. I'm looking for an expression of intent. I'm not looking for a legal document.

Law Director Fete had the following comment:

We would enter into a lease agreement once those are built, and we could have those drawn up before it's built. I guess what my concerns would be, it's my understanding that we've got some hangars now that are being used for storage facilities. I don't see how we're going to have enough to fill 20 hangars with airplanes. I'm also concerned that what is the economic advantage we're getting from building these.

Mr. Zucal had the following comment:

I know there are those even on the commission that have agreed that they would want a hangar space. Part of the process has been that existing tenants that would like to upgrade to the newer hangars could potentially upgrade to those and those that have been waiting would start with a lower end hangar. Right now Mr. Hubbard is reporting consistently as our fixed base operator that he gets calls repeatedly for that. Can we formalize that to some degree? I don't think we would have taken it this far if we didn't believe that this was a potential situation to take it to full occupancy within those first five years.

Chairman Holland had the following comment:

From an income perspective the actual lease is going to pay off the note. Plus there's additional sales from fuel sales, aircraft repairs, avionics repairs. We have individuals who have light twins who want to relocate from Canton to our airport. This new hangar space does not provide for that but what it would provide is that we can move single engine aircraft out of those twin engine hangars to the new hangars, which would then free up twin engine hangar space. Our family is prepared to do this with our aircraft provided that a twin space opens up.

Mrs. May had the following question:

What's the construction time on something like this?

Mr. Zucal had the following response:

Probably within three to six months we would be able to see most of that taken care of. Straightline Structures that would have the initial bid on this has vast experience with putting hangars up. So we're looking at a company that's well versed on it. Our hope is if we get this started by June we'd have it done and ready to go prior to the first of the year. I would presume we would want some legislation to say this is what we've established as far as rates and terms. I think we could put the framework together with the help of the Law Director.

MR. ZUCAL MOTIONED THAT RESOLUTION 14-2018 BE ADDED TO TONIGHT'S AGENDA

MR. ZUCAL SECONDED THE MOTION

3 YEAS

RESOLUTION 14-2018 WILL BE ADDED TO TONIGHT'S AGENDA

Mr. Zucal made a motion to adjourn at 7:02pm.