



CITY OF CLEVELAND HEIGHTS ECONOMIC DEVELOPMENT

JOB CREATION GRANT PROGRAM GUIDELINES

PROGRAM DESCRIPTION

The City of Cleveland Heights has established the Job Creation Grant Program to offer incentives to eligible businesses to establish or expand operations in the City of Cleveland Heights and to create and retain jobs. The City may offer an eligible company an annual grant payment based on a percentage of annual payroll taxes on employee payroll new to the City of Cleveland Heights.

ALL JOB CREATION GRANT AGREEMENTS MUST BE COMPLETED PRIOR TO A COMPANY'S UNDERTAKING OF THE PROJECT. 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.

ELIGIBILITY

- The program is available to for-profit businesses considering a location or expansion in any business district in Cleveland Heights.
- A company must create a minimum of five (5) new jobs and \$250,000 in new annual payroll.

APPLICATION PROCEDURES

Application forms are available from the Economic Development Department.

Upon submittal of a completed application to the Economic Development Department, the applicant will be contacted to meet with City Staff to discuss the project and application. Meetings can generally be arranged within two weeks of receipt of a completed application. Staff's recommendation will be forwarded to the City Manager for a decision on whether to proceed with the grant application.

Offers will be made in writing to the applicant. Upon the company's written acceptance of the offer, an agreement and legislation will be prepared for City Council's approval. The projections made by the company on the application form will be 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 in the company's application is considered public record.**

The applicant may begin the project following City Council approval and execution of the agreement.



PLEASE ALLOW AT LEAST 6 WEEKS FOR PROCESSING AND APPROVAL OF APPLICATIONS.

GRANT OFFER GUIDELINES

Terms of the grant will be determined on a case-by-case basis by City Staff and the City Manager and approved by City Council. The length of the grant agreement will be between three (3) and five (5) years. The annual percentage of the grant will be between 25% and 50%.

Higher maximum incentives are available to businesses locating/investing along the Mayfield Road, Noble Road, and Taylor Road corridors. Eligible companies locating or expanding within those areas are eligible for up to 75% and seven years. Specific terms will be determined on a case-by-case basis.

The grant agreement will be for a specific facility. However, if a company has multiple locations in the City and business considerations require that new employees hired for the grant project be transferred to other facilities in the City, those relocated positions may be included in meeting employment and payroll commitments.

In order to qualify towards the calculation of the grant offer, hourly positions created as part of the project must pay a minimum of \$15 an hour in wages excluding payroll taxes and benefits.

GRANT PAYMENTS

In order to receive the annual grant, the company must file documentation of the income taxes withheld for the previous year and an annual Job Creation Grant report (see below under "Annual Reporting").

Payment to the company will be made by approximately June 30 of each year, based on the previous year's performance, provided that the company files documentation of the income taxes withheld by February 28th, the Finance Department confirms reconciliation of taxes owed and paid, and the company submits its annual Job Creation Grant report by the requested date (see below under Annual Reporting). It is the responsibility of the company to inform the Economic Development Department if an extended filing date is required.

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 1 projections by December 31st 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 grant will be awarded according to the schedule below:



Percent of Payroll Projections Met

- 90-100% - full grant
- 85-89% - reduce grant by 5% (Ex.: 30% grant reduced to 25%)
- 80-84% - reduce grant by 10% (Ex.: 30% grant reduced to 20%)
- 75-79% - reduce grant by 15%
- Less than 75% - no grant for that year

The amount of the grant will be based on new payroll taxes (new to the City), according to the above schedule, and employment. 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 projections, 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.

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 Economic Development Department for a one-year extension. The extension may be approved by the Director of Economic Development Director. If the project does not proceed as specified in the agreement or within the approved one-year extension period, Council may rescind the agreement upon recommendation of the City Staff and the City Manager. If the project will proceed in the future, the company may reapply for incentives.

If a company fails to meet 75% of its payroll **or** employment projections in three consecutive years at any time during the term of the agreement, City Council may rescind the agreement, following an annual report by the Economic Development Director on the status of all agreements.

PAYBACK PROVISIONS

Each agreement will include a payback provision requiring the company to reimburse the City for 100% of grant money awarded, if the company leaves the City during the term of the agreement or within three years of the end of the agreement.

ANNUAL REPORTING

Upon the City's request and on forms provided by the City, companies must submit an annual Job Creation Grant report documenting employment and payroll performance. This report will be requested annually following the February 28 deadline for submittal of documentation of income tax withheld from the previous year.



The company's annual Job Creation Grant report will be reviewed by the Economic Development Director and Finance Director to ensure compliance with the terms of the agreement. Their findings will be submitted to City Council.

COMMUNITY REINVESTMENT AREA PROGRAM

The City may also offer real estate abatement on projects that receive a Job Creation Grant. Both the terms of the abatement and grant will be determined on a case-by-case basis and approved separately.