

Cuyahoga Falls City Council
Minutes of the Finance and Appropriations Committee Meeting

September 16, 2024

Members: Mary Nichols-Rhodes, Chair
Mike Brillhart, Vice Chair
Meika Penta, Brian Ashton, Joe Siegfert

Ms. Nichols-Rhodes called the meeting to order at 6:45 p.m. Mrs. Penta and Mr. Ashton were absent.

Legislation Discussed

Temp. Res. A-76

Temp. Res. A-77

Discussion:

Temp. Res. A-76

A resolution accepting the amounts and rates of taxation as certified by the Summit County budget commission, authorizing the necessary tax levies, certifying such authorization to the county Fiscal Officer, and declaring an emergency.

Mr. Bryan Hoffman, Finance Director, presented Temporary Resolution A-76 to Council. The City, in accordance with the provisions of law, has previously filed Alternative Tax Budget Information with the Summit County Fiscal Officer for the fiscal year beginning January 1, 2025. On August 5, 2024, the Budget Commission of Summit County certified its action thereon to the City, together with an estimate by the County Fiscal Officer of the rate of each tax necessary to be levied by the City and what part thereof is without and what part thereof is within the Charter tax limitation.

Mr. Hoffman stated that this resolution is a yearly resolution prescribed under ORC 5705.34. It requires that the municipality has a resolution in response to the budget commission for the next year's rates of millage on property inside the city. Passage is required to be able to levy the tax and provide for the operations of the General Fund.

Mr. Brillhart moved to bring out Temp. Res. A-76 with a favorable recommendation, second by Mr. Siegfert. Motion passed (3-0).

Temp. Res. A-77

A resolution approving the petition for special assessments for a special energy improvement project under Ohio Revised Code Chapter 1710 and approving the necessity of acquiring, installing, equipping, and improving certain public improvements in the City of Cuyahoga Falls, Ohio in cooperation with the Akron-Summit County Energy Special Improvement District, and declaring an emergency.

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Ms. Janet Ciotola, Law Director, presented Temporary Resolution A-77 to Council. The Akron-Summit County Energy Special Improvement District was created by the City of Akron, Ohio under Ohio Revised Code Chapters 1702 and 1710 as an energy special improvement district and is governed by the Akron Energy Special Improvement District Project Plan (as amended and supplemented from time to time, the “District Plan”), which was adopted as a plan for public improvements and public services under Ohio Revised Code Section 1710.02(F), which plan allows for additional properties within the City of Akron and within any municipal corporation or township which is adjacent to any other municipal corporation or township in which a portion of the District’s territory is located to be added to the territory of the District.

Since its creation, the territory of the District has expanded beyond the City of Akron to include properties within the City of Barberton, Bath Township, Village of Boston Heights, Copley Township, Coventry Township, City of Cuyahoga Falls, City of Fairlawn, City of Green, City of Hudson, Village of Lakemore, City of Macedonia, Village of Mogadore, City of New Franklin, Village of Northfield, Northfield Center Township, City of Norton, Village of Richfield, Springfield Township, City of Stow, City of Tallmadge, and City of Twinsburg.

Pursuant to Ordinance No.7-2019, adopted by the City Council of the City on February 12, 2019, the Council approved the addition of certain real property located within the City to the territory of the District and further approved the City’s participation in the District as a “participating political subdivision,” as defined in Ohio Revised Code Section 44 1710.01(E).

AKRON PEN 1972, LLC, as the owner of certain real property located within the City of Cuyahoga Falls, Ohio, has identified certain real property located at 1972 Akron Peninsula Road, Akron, Ohio 44313 with Summit County Fiscal Officer Parcel ID No. 3507260 as an appropriate property for a special energy improvement project pursuant to Ohio Revised Code Chapter 1710.

Ms. Ciotola stated that, in 2019, the City joined the Akron-Summit County Energy Special Improvement District (ESID), a tool used to finance energy improvements for property owners. This will be the City's first private commercial development in the ESID and the first to utilize the newly-enacted Schumacher Development Code guidelines. She introduced Mr. Chris Burnham, President, Development Finance Authority, Mr. Jason Butterworth, general counsel for the developer, and Mr. Pete Nischt, compliance officer for the project. This project involves the redevelopment of an old, underutilized industrial building located at 1972 Akron-Peninsula Road. The developer acquired the property and building and is committed to transforming this site into a more energy-efficient, environmentally-friendly company. They will replace the HVAC and install LED lighting. These improvements will not only increase the building's energy efficiency, but will reduce greenhouse gas emissions. The City is not involved in financing the project. Since it is located in the city, City Council has to approve the ordinance.

Ms. Nichols-Rhodes stated that the company would invest \$10 million. The Development Finance Authority of Summit County will loan the capital and then that money is assessed on their taxes

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which they will pay semiannually for 15 years to pay the money back. This is a way to get capital in hand while being energy efficient.

Mr. Jason Butterworth, 75 East Market Street, Akron, Ohio, stated that the Property Assessed Clean Energy (PACE) Program is a unique financing tool. It has been critical for properties like this. This property has been empty for going on 10 years. The State of Ohio needed to reinvest to make the building better. It was an outdated building. The items listed are difficult things to finance. A bank will say that every building needs a roof and will not loan more money to replace a roof. They will take an old, outdated building putting it back to use. It would create up to 50 new, full-time jobs. Once completely built out, that amount will be closer to 100. These will be quality jobs with good benefits. This program has become a critical tool to use in the construction and redevelopment of buildings. They are delighted to use and have it as a resource. But for this instance, they would not get this project off the ground, because, as a developer, they cannot get an appraisal to support the redevelopment of a building that has sat vacant so long. They are pleased to be here today and have an opportunity to use the PACE Program that allows property owners to repay the energy efficiency improvements through a special assessment placed on the property.

Ms. Nichols-Rhodes stated that they are all happy that it is a PACE loan and hopes for more. She stated that the amount of money being invested \$10,261,145.70.

Mr. Christopher Burnham stated that those are PACE-eligible expenses. There is another \$10 million going into labor. It is expensive to redevelop these properties. There is a report that quantifies those PACE-eligible expenses at \$10 million.

Ms. Nichols-Rhodes asked if residential PACE loans are available. Mr. Burnham stated that they are not coming to Ohio any time soon.

Mr. Stams congratulated them and thanked them for choosing Cuyahoga Falls. It will be a wonderful addition. The number of jobs is outstanding. He is glad that this financing tool was a good fit for them.

Mr. Balthis stated that this program is an incredibly important tool and it is important that Cuyahoga Falls is able to offer it. With these PACE expenses, there is an engineer that has to look at these things to make sure that they provide efficiency and environmental benefits for the project by increasing efficiency. That is important. The way the financing is treated in terms of guarantees, it runs with the land. It is important that the City be mindful that these programs are available and they can bring them to bear to improve these buildings, creating jobs and opportunities for residents.

Mr. Chris Burnham stated that the fund was established in 2004. They did the first PACE deal in 2018. The report in front of Council indicates how much PACE has taken hold in the marketplace,

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because 8 or 9 of the last 10 or 11 deals have been PACE projects. They just closed a PACE deal in Downtown Medina for a new hotel building on the Square.

Mr. Balthis asked if this is the first bond fund deal in the City of Cuyahoga Falls for the Development Finance Authority. Mr. Burnham stated that they have done a couple things outside of the bond fund, but this is the first bond fund deal. Mr. Balthis stated that the bond fund does a lot of great things for the community by providing lower cost capital, so it is exciting that they have the first here.

Mr. Brillhart moved to bring out Temp. Res. A-77 with a favorable recommendation, second by Mr. Siegferth. Motion passed (3-0).

The meeting adjourned at 7:02 p.m.