



## FINANCE COMMITTEE MEETING MAY 3, 2012

**Committee Members Present:** Don Nicolard  
Ken Braman  
Scott Pelot-Excused

**Also Present:** Charlotte Whipkey  
Bill Mowery  
John Moss  
Karla Richards  
Russ Arters  
Mayor Zita arrived at 10:15  
Rick Ryland arrived at 10:25

The Finances Committee Meeting convened on Thursday, May 3, 2012 at 10:00 AM AM, in the Council Chambers of the Safety Administration Building. The meeting was called to order by Don Nicolard. Mr. Braman moved to suspend the rules for a formal roll call, Pledge of Allegiance and moment of silent prayer, seconded by Mr. Nicolard.

Roll Call: Yeas: Braman, Nicolard  
Nays: None

Motion passed 2-0.

### **General Topics of Discussion:**

#### **TIF (Tax Increment Financing)-John Street**

Mr. Nicolard turned this discussion over to Mr. Moss for the details. Mr. Moss explained how a TIF works, that the law allows you to take some of the taxes from that business over the years and use them to pay for infrastructure. Mr. Moss stated that in this case for John Street it is important to the community but also competes with same dollars the residents need to fix their roads. We have a process to go through before he can present it to Council for consideration. We must have an ordinance to approve a TIF and a required 14-days prior notice to the local school district. Mr. Moss stated he has asked the Law Dept. to prepare such a notice and he would hand deliver it to the Norton City School District. Ms. Whipkey asked if this 14-day notice is required because of the 50% of the split, and Mr. Moss replied, no it is required period. Mr. Moss stated the period he is suggesting is for ten (10) years and 75 percent is also suggested because that is the maximum amount we can ask for without having to go to the schools and ask them to vote on it.

Today the school is getting taxes on a vacant lot, with a TIF they will see an increase in taxes to the schools. Mr. Moss discussed the differences with the inside and outside millage; inside millage where there is new development generates new dollars. The outside millage is a balance and does not generate new dollars. Mr. Moss asked for Council to have discussion at the next Committee Work Session on May 21-2012 because he must serve the school their notice by Monday, May 7, 2012. Mr. Moss stated that he also must provide a copy of the Ordinance to Council prior to serving the notice to the schools. Mr. Nicolard discussed the importance of John Street and the several lots in the back being zoned commercial. Mr. Moss stated the owner of the red house in the back might be interested in selling if this project occurs. Ms. Whipkey clarified that this TIF is only on property and has no impact on the employee payroll tax. Mr. Moss concurred and it also does not relieve the owner from any other tax obligations. Mr. Moss noted if approved, this would be the City of Norton's first TIF. Mr. Nicolard asked Mr. Moss about the use of TIF's in the City of Wadsworth. Mr. Moss replied there have been several, such as Walmart, Leatherman Road improvements. Ms. Whipkey asked if this would affect the citizens? Mr. Moss replied, yes he felt in a positive way because the businesses will pay a larger share of the taxes than the residents, but it won't directly affect the tax lines. Ms. Whipkey stated she was mostly concerned with the residents having to tie into sewer or water and Mr. Moss replied they would not be affected. Mr. Nicolard discussed all of the cuts or exits onto Cleveland Massillon Road and this would bring that down to three (3). Ms. Whipkey asked if the Digestive Wellness Center should also be included in this and Mr. Moss replied we could if this was an assessment, but you cannot go back in time after the fact. If they were to expand in the future we could address a TIF then. Mr. Moss stated he is advocating to building as much of the road as we can, possibly taking it all the way to Columbia Drive. Mr. Nicolard stated that would at least address the immediate needs of Dr. Suckling's office and a million-dollar building. Ms. Whipkey asked what happens if the business goes belly up? Mr. Moss stated that the property would be useless and the taxes go unpaid. Mayor Zita stated that this is a medical building and that Dr. Suckling is a dentist already in practice elsewhere. Mr. Moss stated that we need to move on it this year and we will need to borrow money until these taxes come in. There was discussion on using TIF's in other areas and how that could essentially be applied to all business districts. Mr. Moss noted that these TIF payments do take a higher priority over any other payments like mortgages. Ms. Whipkey asked what type of a bond a we looking at and Mr. Moss replied probably a general obligation bond. There was discussion on the city's responsibility if the owner goes into default or if the city goes into default. Mr. Nicolard questioned the costs for the road, and Mr. Moss replied at the very minimum of 84 ft. that would be about \$60,000.00. If we take it to 100 ft, it could cost \$70,000.00 and 150 ft could cost \$80,000.00. Diverted \$7,500.00 over ten years that would come to \$75,000.00. Mr. Moss stated there should be about \$60,000.00 available but advocated doing as much as we can not just the bare minimum, as we would eventually like to take the road all the way to the back. Mr. Moss claimed that the Service Committee had discussed this and Ms. Whipkey stated she and Mr. Bergstrom were not in board with this idea. Mr. Nicolard indicated he talked with Mr. Bergstrom last night and he is in favor of moving forward with this road, but wanted an assessment for both the dentist office and the Digestive Wellness Center. Mr. Nicolard stated he wanted to see hard numbers before dipping into our treasury.

Mr. Arters pointed out the safety concerns with the five (5) entrances/exits onto Cleveland Massillon Road that we currently have within 150 ft. Mr. Moss stated we still have to borrow money for either an assessment or a TIF. Ms. Whipkey stated she would also rather see some hard numbers like Mr. Nicolard suggested and wants to see estimates on the high side. Mr. Moss noted when using the engineers estimates history has proven these to normally be on the high side, however the real test will come with the bids. Mr. Kask a Norton resident, asked why didn't the dentist office move into the new medical plaza on Greenwich Road? Mayor Zita stated that we do not own those buildings. Mr. Kask stated he did not see all of the numbers adding up here. Ms. Whipkey stated that the reality here is that TIF is way easier than taking away money from the resident's pockets. Mr. Braman stated this seemed like a good plan needs further review. Mr. Nicolard asked if there are any more thoughts to the idea of doing this as an assessment and Mr. Moss replied he was not sure and there is Ohio law that deals with this aspect. Mr. Braman moved to add this to the next Committee Work Session agenda for further discussion, seconded by Mr. Nicolard.

Roll Call: Yeas: Braman, Nicolard  
Nays: None

Motion passed 2-0.

**Unfinished Business:**

None

**New Business:**

None

**Topics for the next Work Session:**

**Adjourn**

There being no other business to come before the Finance Committee, the meeting was adjourned at 11:00 AM.

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Don Nicolard, Chairman

**\*\*NOTE: THESE MINUTES ARE NOT VERBATIM\*\***

**All Committee Meetings will be held at the Norton Safety Administration Building, unless otherwise noted.**