

Your campaign The latest news for you has been sent

City of Brecksville

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Subject: The latest news for you

On February 6th, 2020, Sherwin Williams announced their decision to remain within the City of Cleveland and the Greater Cleveland area, pinpointing their Corporate Offices with a new facility in Cleveland's downtown and a new Research and Development Center at Valor Acres within the City of Brecksville. I know the State of Ohio, the County of Cuyahoga, the City of Cleveland, and the City of Brecksville are very grateful to Sherwin Williams. We all look forward to their extended presence in the Greater Cleveland area.

Although this announcement concerns the selected preferred sites for these two complexes, there is much to be done. The State of Ohio, Cuyahoga County, City of Cleveland, City of Brecksville, Ohio Development Services Agency, and JobsOhio will consider legislation and agreements establishing a public - private partnership that will result in the Sherwin Williams new Global Headquarters and Research and Development Center. This comes as a result of the Company's national search and explored potential sites, as well as the proposals now before the authorizing agencies.

On Tuesday, February 18th, 2020, Brecksville City Council held the First Reading of six (6) City Ordinances that create our agreements with Sherwin Williams as well as authorizes the Mayor to enter into certain agreements with Sherwin Williams on behalf of the City. City Council unanimously passed the six

(6) City Ordinances to the Second Reading. The Second Reading will take place on March 3, 2020 at 8:00 pm on the agenda of the Regular Meeting of Brecksville City Council. If City Council passes the prepared legislation to a Third and Final Reading, it will be tentatively scheduled for March 17th, 2020 at 8:00 pm on the agenda of the Regular City Council meeting. If it is approved at the final reading, and the Mayor agrees to sign the legislation, it becomes law within thirty days thereafter. We provide this information to the citizens of our community welcoming them to review and comment if you so desire on the proposed six (6) Ordinances and certain agreements. The actual Ordinances and agreements will be added to the City webpage for your review.

The Ordinances are as follows:

Ordinance 5306:

The 5709.41 TIF ordinance is the ordinance that actually creates the TIF on the 75 acres for the Sherwin-Williams project. It does so by first exempting the new real property taxes, then requiring Sherwin-Williams to make payments in lieu of taxes equal to the exempted real property taxes (this is the "TIF revenue"), so that they are paying the same amount to the County. It also instructs the County to pay the payments in lieu of taxes to the City for deposit into the TIF fund.

Ordinance 5307:

The TIF Fund ordinance establishes the TIF fund as required by state law. The TIF fund will receive the payments made by Sherwin-Williams to the County pursuant to the 5709.41 TIF ordinance and paid by the County to the City. These amounts will be used to make school compensation payments and then pay Sherwin-Williams pursuant to the TIF Agreement.

Ordinance 5308:

The School Compensation Agreement ordinance authorizes the School Compensation Agreement with the School District and DiGeronimo in substantially the form attached to the Ordinance, and authorizes the Mayor to execute and deliver the final School Compensation Agreement.

Ordinance 5309:

The Development Agreement ordinance authorizes the Development Agreement

with Sherwin-Williams in substantially the form attached to the Ordinance, and authorizes the Mayor to execute and deliver the final Development Agreement.

Ordinance 5310:

The Job Creation Incentive Agreement ordinance authorizes the Job Creation Incentive Agreement with Sherwin-Williams in substantially the form attached to the Ordinance, and authorizes the Mayor to execute and deliver the final Job Creation Incentive Agreement.

Ordinance 5311:

The TIF Agreement ordinance authorizes the TIF Agreement with Sherwin-Williams in substantially the form attached to the Ordinance, and authorizes the Mayor to execute and deliver the final TIF Agreement.

In simple terms, we present the content of the agreements detailing the City's Development Agreement with Sherwin Williams for the construction of their Research and Development facility on a portion of the Valor Acres site for the creation and retaining of jobs within the City.

Background Statement: The former Veterans Administration Property, approximately +/-103 acres, when occupied by the VA, was exempt from property taxes. The City of Brecksville collected City Income Tax on the withholding taxes of their employees. The hospital closed in 2011 and the property came into the ownership of the City of Brecksville for \$1.00. The City accepted the property "as is" and faced the cleanup and removal of nearly one million square feet of buildings. The City entered into an agreement with the DiGeronimo Companies who agreed to remove all asbestos, hazardous materials, and demolish and remove, through recycling, all structures. This environmental cleanup and removal of buildings is at the cost of the DiGeronimo Companies who will in exchange develop the property for the City and its Community Improvement Corporation "CIC". The CIC in late January acquired the rights to purchase the adjacent Crowland – Dalad Property, an 88 acre parcel. The property adjoins Valor Acres on its east border and is bordered on the west by Interstate 77. Once the "due diligence" is completed, and the CIC takes title, Valor Acres will become a 191 acre parcel.

The Sherwin Williams proposed development will provide property tax dollars to the Brecksville-Broadview Heights City School District (BBHCSD) and the Cuyahoga Valley Career Center (CVCC). They will receive 25% of the “Real Property Tax” payments resulting from the improvements made by Sherwin Williams to Valor Acres. The BBHCSD will receive \$750,000.00 thirty days after the proposed passage of the TIF Ordinance by the City, paid by the developer. The City of Brecksville will collect income tax from the jobs created by this development. The Valor Acres property will benefit greatly by having the Sherwin Williams facility as part of its development. It will enhance the ability of Valor Acres to attract other companies to the property, as well as be a part of the improvements to the development. The employees of the Sherwin Williams facility will, it is believed, support the retail businesses within Valor Acres and the Greater Brecksville area, and create a potential for their acquiring residential properties. We are very excited for them to be part of the Brecksville Business Community. Although not guaranteed, we anticipate Sherwin Williams to prosper and add to its workforce in the years to come. Their Research and Development facility will be the catalyst for jobs, income tax, and a lasting partnership with the City of Brecksville, as well as providing a customer base for local businesses.

In exchange, and in an effort to partner in the development of this facility and Valor Acres, the City of Brecksville proposes to share income tax revenues with Sherwin Williams for a period of 15 years with the following sharing:

- The City will not share income tax if Sherwin Williams produces an annual payroll less than \$40 million.
- The City will share and give back 35% of Income Tax if Sherwin Williams payroll exceeds \$40 million, up to and including \$55,760,00.00, and 40% to Sherwin Williams if they exceed \$55,760,00.00 in withholdings.
- The City of Brecksville will enter into a Tax Increment Finance Agreement “TIF”, for thirty years.
- The City will continue its intent to complete the I-77 Interchange Project, including Miller Road improvements. The City will be responsible for providing a share of the cost for this interchange, seeking funding from other agencies
- The City of Brecksville will construct a “Veterans Memorial Park” on the property, as promised by the City to the Veterans Administration at the time of the sale of the land to the City.
- The City will waive its Building Department fees, other than engaging with

outside consultants necessary for the review and approval of certain Building Codes. This is estimated at \$28,000.00.

You are being given, as the Ordinances will show, the actual numbers included in the agreements. The speculation and suggested financial incentives are being reported as “could be”, and “might be”, and “likely”. One thing we as a City Government believe, this is a very positive announcement. A very fair series of agreements when one considers the magnitude of the commitment Sherwin Williams makes to the region and our City.

The aforementioned are the major elements of the agreement, but what the exact amounts are will be determined by job creation, project costs, and the City’s ability to benefit from outside grants and assistance. The Sherwin Williams Company anticipates its project will create 680 new jobs and an estimated payroll of \$55,760,000.00. The Research and Development facility, anticipated to be approximately 480,000 square feet, will be placed on a portion of the Valor Acres Site, approximately 75 acres. The company also anticipates over \$250 million in capital investments.

On behalf of the City, we thank all who participated in creating these partnerships to date. I know my colleagues share in our appreciation to Sherwin Williams for remaining in the Greater Cleveland Area, and investing these added dollars in new construction and job creation to the betterment of our state, our county, and community. I also appreciate the fine cooperation of the Brecksville – Broadview Heights City School District Superintendent, Joelle Magyar, and the Brecksville – Broadview Heights City School District Board of Education.

Questions or comments regarding this information should be addressed to the Mayor’s Office City of Brecksville at information@brecksville.oh.us.

In closing, I again point out the agreements require approval by the authorizing agencies, and until such time these approvals are final, we consider this and these agreements to be potential.

Submitted by: Jerry N Hruby Mayor City of Brecksville

