



## **CITY OF OBERLIN, OHIO**

### **Incentive Plan Program Guidelines and Application**

Thank you for considering opening, or expanding your business in the City of Oberlin. The City of Oberlin provides a wide variety of incentive and assistance programs to help your business succeed and become a key community partner.

Please read the following list of necessary items to ensure that your application is complete and that your project can meet the following requirements.

#### **GENERAL PARAMETERS**

- A. **PURPOSE:** To foster a business friendly environment wherein new businesses are encouraged to locate in the City of Oberlin and existing businesses are encouraged to expand within the City.

The Oberlin City Council has adopted the Incentive Plan (the Plan) Program in order to nurture an environment in which City government, businesses and other organizations form community partnerships by providing job opportunities for residents and help sustain the many municipal services.

- B. **ELIGIBILITY REQUIREMENTS:** Must be a for-profit business located within the City of Oberlin. Businesses may be new to the City or an expansion of an existing business. Eligible businesses must create and maintain a payroll at an agreed upon level to receive incentives.

An Incentive Plan Agreement must be signed that will specify a company's commitments including starting payrolls and estimated annual payroll increases and the incentive terms provided for under the terms of the Plan.

- C. **TYPES OF AVAILABLE ASSISTANCE:** Assistance provided under this program may come from either or both of the following programs:

1. **ONE TIME INCENTIVE:** The Lump Sum Economic Development Incentive is designed to provide up-front assistance to encourage a business to locate or expand in the City of Oberlin. This incentive is contingent upon the business creating jobs in the City of Oberlin. This one-time grant is payable at the signing of the Incentive Agreement and is limited to a maximum of \$10,000 based upon projected City of Oberlin income taxes as follows:

PROJECTED NEW OR EXPANDED PAYROLLS	INCENTIVE AMOUNT
\$100,000 - \$199,000	Up to \$4,000
\$200,000 - \$299,000	Up to \$6,000
\$300,000 - \$399,000	Up to \$8,000
\$400,000 +	Up to \$10,000

- This incentive program is designed to provide financial assistance to small companies to assist with such one-time expenses as moving, initiation of utility services, etc. The incentive may be used in conjunction with other local, county, state and federal programs.
- The incentive amount will be determined in part by the company's initial twelve months of projected new or expanded payroll within a specified time frame resulting from the company's project.
- Awards are not guaranteed. Any award is subject to availability of City funds and the existence of other applicants competing for the same funds. The City of Oberlin, in its sole discretion, reserves the right to determine whether or not to award incentives under this program.
- This one-time incentive requires that the company commit to doing business for a minimum of three (3) years within the City.
- Companies awarded incentive funds under this program may be subject to compliance with prevailing wage requirements. Such requirements may be triggered by the combination of this one-time incentive with other incentives or loans from the City of Oberlin.
- Provisions of this program will be enforced by the Incentive Agreement and may require that the company execute security agreements; mortgages and/or UCC financing statements requiring full or partial repayment of the incentive amount should the company not comply with the provisions outlined in the Incentive Agreement. If your project is funded, you will be responsible for providing documentation related to your company's compliance and performance. Evidence of hiring the requisite number of employees and meeting the payroll goals under the stipulations found in the Incentive Agreement are required.

**2. PERFORMANCE-BASED INCENTIVE:** The performance based incentive program is designed to attract new businesses and encourage the expansion of existing businesses within the City of Oberlin. The program will be funded through non-tax receipts of the City of Oberlin and is intended to create additional economic development activities within the City. This incentive plan may also be used in conjunction with the Community Reinvestment Area tax abatement program, the Enterprise Zone tax abatement program, revolving loan program, SBA loans, or other government loans and incentives.

- Incentives are performance based. Companies must create and maintain a payroll at an agreed upon level for the term of the Incentive Agreement. The Incentive Agreement will specify performance parameters that must be maintained. Non-compliance with the terms of the Incentive Agreement may result in the revocation or modification of benefits received under this program.
- These Incentive grants must be funded with non-tax revenues and will be

available only so long as sufficient non-tax revenues exist and are committed to this program. Accordingly, not every applicant can be guaranteed funding under this program. The City of Oberlin, in its sole discretion, reserves the right to determine whether or not to award incentives under this program.

**Amount of Performance Based Annual Incentive** – The incentive amount will be determined on an annual basis calculated against the qualifying payrolls for the prior year as determined by income tax reports filed by the company with the City of Oberlin Finance Department. The Incentive Agreement will stipulate the amount of the incentive. In general, the Incentive amount will be equal to or less than 50% of the income tax withholdings and 50% of the income tax on net profits that were directly related to the new or expanded business.

- The Incentive Agreement will specify a baseline payroll, estimated annual payroll increases, percentages used to calculate the incentive amount, and other terms and conditions of the grant.
- Annual incentive payments will be determined after examination of a company's income tax records and reports as filed with the City of Oberlin Finance Department.
- An application processing fee of \$500 is required for each performance based incentive application submitted. In addition, for both type of incentive plans the applicant will be responsible for reimbursing the City for any out-of-pocket expenses, including, but not limited to the actual costs of filing fees, title reports and credit bureau reports.
- Companies awarded incentive funds under this program may be subject to compliance with prevailing wage requirements. Such requirements may be triggered by the combination of this one-time incentive with other incentives or loans from the City of Oberlin.

**D. APPROVAL CRITERIA:** Applications will be screened by City staff or outside consultants with recommendations made to the City Manager. Criteria that will be considered includes:

- Applicant's capacity to create jobs, produce earnings and maintain a positive financial condition.
- The company's management depth, experience and ability to maintain its business as a going concern.
- Special consideration to applicants opening or expanding businesses in targeted areas including but not limited to Downtown Oberlin and Oberlin's industrial parks and to companies providing unusually high paying jobs and/or comprehensive employee benefits.
- Availability of City funds.

**E. ANNUAL REPORTING CRITERIA:** Each business receiving funding under these programs will be required to submit an annual report to the City of Oberlin certifying compliance with the terms of their Incentive Agreement. Remedies for non-compliance will be outlined in the terms of the Incentive Agreement.

**F. INELIGIBLE PROJECTS:** Purchases of existing businesses where no additional payrolls will be created, speculative real estate projects or projects not tied to job creation are ineligible.

## **SPECIFIC PROCEDURES/POLICIES**

1. **The Incentive Application must be filled out completely.** Further, you will be asked to provide certain additional information, including but not necessarily limited to:
  - For most businesses a detailed business plan with a market analysis and five-year forecast may be required to help the City reach an informed decision regarding your incentive application. Free help in developing business plans and financial statements is offered in our area by the GLIDE Program at Lorain County Community College 440-365-5222 or from the Lorain County Chamber of Commerce 440-328-2324.
  - You may include additional information such as, resumes of principal(s), information on products or services and a detailed list of employment positions to be created and the proposed salaries and benefits for those positions.
2. If your project is funded, you will be required to sign an Incentive Agreement and other related documents.
3. Most incentive applications are processed within 60 days of application.

**If you have any questions, contact the following:**

**Economic Development Officer  
City of Oberlin  
Planning and Development Department  
69 South Main Street  
Oberlin, Ohio 44074  
440-775-7257**