

## **Economic Development Incentive Committee**

**January 10, 2023**

### **Meeting Minutes**

#### **Call to Order:**

Vice Chair Koch called the meeting to order at 2:02 pm. The following members were present constituting a quorum: Marcus Harris, Paul Koch, Abby Bemis, and Brendan Heil. Also present were Director of Community Development, Jonathan Holody, and Administrative Assistant for the Community Development Department Quinn Rambo. Chair Al Nickles notified staff that he was unable to attend the meeting in advance.

#### **Election of Officers:**

Mr. Holody stated that the Committee traditionally elects a Chair and Vice Chair. Mr. Heil made a motion to keep the existing officers. The motion was seconded by Mr. Harris. All committee members were in favor of Mr. Nickles remaining Chair and Mr. Koch remaining Vice Chair.

#### **Approval of minutes from November 22, 2021 meeting:**

Vice Chair Koch asked for a motion on the minutes. Mr. Harris made a motion to approve the minutes as presented and Mr. Heil seconded the motion. All members approved the minutes as presented.

#### **Program Financial Update**

Vice Chair Koch asked Mr. Holody to present the program financial update. Mr. Holody stated that (12) projects were approved. Two projects expired but (8) projects were completed. He continued that the funds of those expired projects could be allocated to new projects and added that the City Commission voted not to extend the completion date for Market Street Collective. The total for the funding this year \$420,000.00 after committed funds are removed.

#### **Review of Applications Received**

##### **A Foxy Girl Enterprise LTD:**

Mr. Holody presented the application and stated the applicant was bringing a new type of entertainment to the City. In his research for mobile business funding, the City had dispersed one other grant for a mobile business. The applicant was asking for \$9,500. Mr. Holody stated Ms. Pace, the applicant, continued with her timeline without the grant approval, launched the business successfully, and hosted a number of tours in Sandusky. She would use grant funds to improve the sound system, add grab bars in the bus, and make exterior upgrades to the bus. The Committee asked Ms. Pace to present her plan to the Committee. Ms. Pace explained that her business was to bring energy and something new/ different to the area for tourism. She would like for her business to eventually expand to tours out of town as well, but the bus needs some upgrades to make those longer trips. Mr. Harris commended Ms. Pace on her website and the social enterprise aspect on her website, where you could donate to the Center for Cultural Awareness. Mr. Koch stated that he would like to pull some of the items being requested to be

removed, such as the insurance payments and only include items that are actual hard cost, such as equipment, upgrades to the bus, or uniforms, which would make the request for funds closer to \$15000 rather than \$23000. Ms. Bemis agreed with Mr. Koch and Mr. Harris and added it made more sense to focus on hard capital or operating expenses that aligned with program guidelines and would be more consistent from applicant to applicant. Mr. Koch asked if the Committee was limited to a percentage. Mr. Holody answered that not by the statute but by practice has always been under 50% and reduced to a target of 10% on the largest projects. Mr. Koch made a motion to go to the max 45% of eligible expenses. Mr. Holody stated that the request was for \$9500 dollars and the recommendation was for \$7500, and he did take some of the concerns voiced by Mr. Koch when he made his recommendations for funding. Mr. Holody recommended that the Committee structure their motion to be for a \$7500 grant, subject to Ms. Pace providing documentation of actual costs. Mr. Harris acknowledged that Ms. Pace invested her own funds, there was no financing involved- an entrepreneur taking on the risk as her own to get her business running. Mr. Koch made a motion to grant \$7500 limited to 45% of the hard costs and working capital and insurance would be excluded from the calculations. Mr. Heil seconded the motion. A vote was called and all Committee member approved of the motion.

#### **EPH Sandusky, LLC**

Mr. Koch introduced the next application and stated he would abstain from the vote due to a conflict of interest. Mr. Holody introduced the application for EPH LLC, which was to renovate the former Mecca Motel on Cleveland Road. The applicants, Justin and Lisa Brady, planned to convert the Mecca Motel into a 25 room boutique motel, with a pool, and a food truck court. The property was located off of Cleveland Road, which is a gateway to the City. The estimated cost for the project is \$2 million dollars. Mr. Holody recommended a grant approval of \$200,000, which would be subject to City Commission approval, and the project was a major investment by a small local company in a strategic location that has the potential to enhance the City's tourism and lodging. Mr. Harris asked that with soft costs removed, this recommendation was still around 10% of a larger project allotment and still met the target amount for larger projects. Mr. Holody confirmed Mr. Harris was correct but there were some soft costs included in the packet, such as acquisition costs, which the Committee had supported in past applications. He explained that new tax revenue through Cedar Point was partially being diverted into a destination development fund that has a particular focus on Cleveland Road. Ms. Bemis stated she had a lot of confidence in the applicants, their experience, and she supported Staff's recommendation. Mr. Koch asked for a motion. Mr. Heil made a motion to approved Staff recommendation of \$200,000 with the normal stipulation and conditions in the economic development grant agreement. The motion was seconded by Mr. Harris. All voting members of the Committee, except Mr. Koch- who abstained from the vote, approved the motion.



Mr. Harris asked if there was any plans in the future to conduct some PR outreach, to help aspiring entrepreneurs learn what the program is for, how to utilize it, and access it. Mr. Holody answered the program guidelines and application were available on the City's website and he was always happy to meet with interested applicants but he would be open to suggestions for other ways to reach out. Mr. Holody added that ECDEC had been a great partner in referring potential applicants. Ms. Bemis stated she thought an immersive session would be a great idea and an allocation of funds to target small businesses should be reevaluated. Mr. Harris stated after talking to individuals in the community that there is hesitance/ reticence to approach the City and the City should view itself, as the public did, and understand that the City could be intimidating to access. Mr. Harris continued partnering with community groups or individuals who are embedded in the community could help promote and aid in access to the economic development grant program.

#### **Public Participation/ Comments**

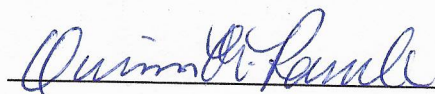
Vice Chair Koch asked if there was anyone who would like to speak. Ms. Sharon Johnson stated she had several questions regarding the Mecca Motel. Ms. Johnson stated that granting \$200,000 to Mecca Motel meant half the money is already gone for the year. She asked if the applicants were related to Commissioner Brady because of the same last name. The Committee did not know. Ms. Johnson asked if the \$200,000 was dispersed upon completion. Mr. Heil said no funds would be dispersed until requirements of the grant were met upon completion. Mr. Tim Schwanger stated transparency from the City was waning, particularly in regards to minutes. Mr. Schwanger continued that if a resident spoke at a meeting, the minutes did not reflect what was said but only what issue was spoken about by the resident. Mr. Schwanger added the grant program used to be about brick and mortar and now it was getting into landscaping, mobile businesses, and that was not the original intention of the program. He stated that the Committee needed to get back to approval of windows, façade improvements, and interior improvements. The Committee should not be approving funds for acquisition and it was never confirmed which other mobile business had received funds previously. Mr. Bill Hill, Sandusky resident and small business owner, stated that he agreed with Mr. Harris to go out to the community and make it easier to understand the program and application. Mr. Hill explained small business owners, especially in the black community, when they've inquired about the application have been shifted to the grant for signage and no other funding beyond that. He recommended instead of the Committee giving \$200,000 away to one business to give \$50,000 multiple grants to small businesses to open storefronts in the downtown, and then the City would reap the benefit of multiple businesses that pay taxes; also when \$300,000 was being given away, it should guarantee the creation of jobs. Mr. Hill expressed that he believed the City was being too loose with the money being given away and it was not going to the right people. The City should do their due diligence and check what these applicants have done and what they were capable of doing. Mr. Hill remarked downtown Sandusky should be an easy compete with 250 with the available restaurants and waterfront. He added the pier was a great investment and would generate a lot of foot traffic this year after the pandemic, but there was

not a single business to buy a souvenir that says "City of Sandusky." His final suggestion was because African Americans have a harder time getting funds the traditional way, the City should reach out to the black community and show them how easy it is to apply, and what the City expects versus what a bank expects. Mr. Koch thanked the public for their comments and stated that the Committee and Staff now had some items that could be addressed internally based off of the discussion. Mr. Harris personally thanked Mr. Hill for bringing his daughter with him as he participated in the public/ civic process, and making the next generation more comfortable in engaging with their government.

**Meeting Adjournment:**

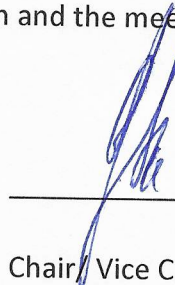
Mr. Koch called for a motion to adjourn. Mr. Harris moved to adjourn the meeting and Mr. Heil seconded. All members were in favor of the motion and the meeting ended at 3:12pm.

APPROVED:



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Secretary



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Chair/ Vice Chair