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Press Release

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Subject: Concord Township - City of Painesville Pursue Joint Economic Development District (JEDD)

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Concord-Painesville – The Trustees of Concord Township and the City of Painesville have entered into discussions to initiate a Joint Economic Development District (JEDD) agreement allowing for the collection of income taxes from employees in the vicinity of the new development occurring along Auburn Rd. in Concord Township.

A JEDD, under the Ohio Revised Code, allows for a Township and an incorporated municipality to enter into an agreement in a defined area, usually within the Township,

for the purposes of collecting income taxes. Under most circumstances townships cannot establish income taxes, only cities and villages.

The initial draft of the agreement defines the District by properties currently owned by Lake Hospital System, University Hospital System, Concord Township's Community Center, and Painesville City's Water Department. There will be approximately 800-1,000 employees working within the District. While it is not known by the communities the exact amounts that the income tax will generate, a conservative estimate is that it may result in as much as \$600,000 per year once the two main hospital systems are fully staffed in late 2009. The taxing rate under consideration for the District would be 1.75% per employee. Concord Township would receive 75% of these revenues while the City of Painesville would receive 25%.

Concord would use the income tax revenue towards the overall economic development of the Corridor and Township. It may also be used for maintenance of the Township's infrastructure and roads, providing for safety forces (fire, EMS and policing) or in other means of benefit to the Township through its General Fund. The agreement also does not allow annexation by the City of Painesville of Concord Township territory without prior approval of the Township. Only those employees working within the District would be taxed.

Painesville will realize the recovery of income taxes to be lost by the move of Lake East Hospital. Expansion of water services to the area. There is also the possibility of expanding other utilities or services to the area.

Caroline N. Luhta, Concord Township Trustee, said, "I was an early proponent of the Lake Hospital's move to Concord and was insistent that initial negotiations for a JEDD begin with the City of Painesville. I am very happy that this agreement has been pursued with Painesville."

Chris A. Galloway, Concord Township Trustee, said that he initiated the talks and the formation of the proposed agreement and was pleased that the entire Board was in favor of pursuing the steps toward an agreement. He went on to say, "An important element in this proposed agreement, in my opinion, is the amount of the tax rate. I have recommended a rate of 1.75% which is below the maximum allowable rate of 2%, because I did not want to just tax people irresponsibly but to do so in a manner that recognized that we, as elected officials, would be pressed to insure good governance."

Paul R. Malchesky, Chairman of the Board of Concord Township Trustees, was quoted as saying, "Concord is entering into a new era in its development. We have taken a very methodical approach to the development of the Route 44 Corridor which we hope will result in a great future for Concord, its neighbors and the surrounding region. The move towards this JEDD is a necessary part of that development so that we can continue to provide for the building and maintaining of the Corridor but also maintaining standards throughout the Township. As much as both hospital systems provide healthcare to both communities and the greater area and provide anchors to lure business to this area, they,

however, account for significant amount of acreage for which the Township is unable to receive property tax. Therefore, this JEDD allows the Township to plan for the impact of the increase activity in the area. The Trustees would be remiss if they did not pursue this action.”

Joseph Hada, President of Council, the City of Painesville stated, “ The City of Painesville is excited about this opportunity to work cooperatively with neighboring Concord Township. We are pleased with the collaboration and consideration the Township exhibited toward the City in this effort. Not only will the JEDD provide a source of revenue to the city but it will enhance the economic development environment in Lake County. This is a great opportunity to work cooperatively for the good of the region.”

Abby DelaMotte, Councilperson at Large “The opportunity to recover a portion of the revenue lost by the departure of the Hospital is an exciting proposition. The Hospital is the city’s second largest employer and the loss of income tax revenue will have a significant impact on our general fund which supports our Police and Fire Departments among other programs. It will also help Concord meet its growing service needs. This JEDD is good for both Painesville and Concord Township”.

The next steps towards completing this agreement will be public hearings. Both communities are required by the Ohio Revised Code to give 30 day notices before public hearings are held. After holding the hearings the two communities’ elected officials will vote on entering into the agreement.