

Ordinance No. 1368-2023

By Council Members Starr, Hairston and Griffin (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into an Enterprise Zone Agreement with International Food Solutions, and/or its designee, to provide for tax abatement for certain real property improvements to the existing Goodwill building located at 2295 East 55th Street as an incentive to locate its food manufacturing and processing facility in Cleveland Area Enterprise Zone; and authorizing the Directors of Economic Development and Finance to enter into a Job Creation Income Tax Credit Incentive Program agreement to facilitate the purpose and provisions of this ordinance.

WHEREAS, under Ordinance No. 948-95, passed June 19, 1995, this Council designated an area, which is in the City of Cleveland and described in File No. 948-95-A, as the Cleveland Area Enterprise Zone (the “Zone”) under Chapter 5709 of the Revised Code; and

WHEREAS, under Ordinance No. 1568-14, passed December 8, 2014, this Council changed the maximum term of tax abatements from ten to fifteen years, as now allowed under Ohio law; and

WHEREAS, in August, 1995, the Director of Development of the State of Ohio determined that the Zone contains the characteristics described in division (A) of Section 5709.61 of the Revised Code and certified the area as an “Urban Jobs and Enterprise Zone” under Chapter 5709 of the Revised Code; and

WHEREAS, International Food Solutions, and/or its designee (the “Company”) has proposed to construct real property improvements to the existing Goodwill building located at 2295 East 55th Street in Cleveland Area Enterprise Zone; and

WHEREAS, the Company has certified to the City that it would be at a competitive disadvantage operating at this location if taxes on certain real property improvements were not abated; and

WHEREAS, by letter dated November 16, 2023, the City provided the Cleveland Metropolitan School District (“CMSD”) with a notice of proposed tax exemptions required by the Revised Code; and

WHEREAS, pursuant to the authority of Revised Code Section 718.15, Section 192.16 of the Codified Ordinances of Cleveland, Ohio, 1976 (“CCO”), and Ordinance No.

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1345-2023, passed _____, and in accordance with CCO Section 192.19, the City has created a Job Creation Income Tax Credit Incentive Program (“JCI Tax Credit Program”); and

WHEREAS, prior to passage of this ordinance, the City and the company listed below have reached an agreement specifying all the conditions of the JCI Tax Credit were granted; and

WHEREAS, this ordinance constitutes an emergency measure providing for the immediate preservation of the public peace, safety, property, and welfare and that its enactment is a necessary prerequisite to providing immediate assistance to create and preserve job opportunities and advance and promote commercial and economic development in the City of Cleveland, and the assistance is immediately necessary or jobs will be lost; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That this Council approves the application of the Company for Enterprise Zone incentives on the basis that the Company is qualified by financial responsibility and business experience to create and preserve employment opportunities in the Cleveland Area Enterprise Zone and to improve the economic climate of the City of Cleveland.

Section 2. That the Director of Economic Development is authorized to enter into an Enterprise Zone Agreement with the Company to provide for a ten-year, seventy-five percent (75%) tax abatement for certain real property improvements commencing the first year for which the real property improvements would first be taxable were that property not exempted from taxation; the abatement shall be subject to annual review of the Tax Incentive Review Council.

Section 3. That the terms of the tax abatement shall be in accordance with the terms in the Summary contained in **File No. 1368-2023-A**. These terms shall not be

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materially amended, nor shall the tax abatement be assignable or transferable to any entity, without the prior legislative authorization by Cleveland City Council.

Section 4. That the Director of Economic Development is authorized to charge and accept fees in an amount not to exceed the maximum allowable under Chapter 5709 of the Revised Code and the funds are appropriated for the purposes listed in Chapter 5709 of the Revised Code. The fees shall be deposited to and expended from Fund No. 17 SF 305.

Section 5. That the contract and other appropriate documents needed to complete the transaction authorized by this legislation shall be prepared by the Director of Law.

Section 6. That the Directors of Economic Development and Finance are authorized to enter into a Job Creation Income Tax Credit Incentive Program agreement (“JCI Tax Credit Agreement”), for a period not to exceed five years, the Company, to provide financial assistance and incentives, by means of a credit against net profit tax due to the Central Collection Agency (“CCA”) to Company, an eligible applicant for such credit, which Company will create a minimum of fifty (50) full time jobs new to the City. Company may receive five (5) annual credits measured as 50% of the income tax withholding revenue the City derives from new employees of the Company that will be granted within the Company’s annual net profit return to be filed with CCA.

Section 7. That the Company must not be delinquent on any portion of its tax filing and payment requirements including but not limited to real estate taxes, municipal income taxes, and withholding tax obligations on behalf of its employees. The term of the JCI Tax Credit Agreement authorized by this ordinance shall not exceed the term of the Company’s lease, and in no event shall exceed five years, unless otherwise approved by Council.

Section 8. That the Mayor, the Director of Finance, the Director of Economic Development, the Director of Law, and any other City officials, as appropriate, are each

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authorized to prepare and sign any other documents, instruments, amendments or certificates and to take such actions as are necessary or appropriate to consummate and implement the transactions described in or contemplated by this ordinance.

Section 9. That the contract agreements authorized in this legislation must require the recipients of financial assistance to work with, and/or cause their tenants to work with, Ohio Means Jobs Cuyahoga County and City of Cleveland to identify and solicit qualified candidates for job opportunities related to the City's contracts. The identification process shall place special emphasis on the hard to employ, including people who are disabled and people who have been convicted of or who have pled guilty to a criminal offense, which is unrelated to the duties of the job opportunity.

Section 10. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

SMA:nl
11-27-2023
FOR: Directors McNair and Abonamah

