

Ordinance No. 1213-2022

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Bridgeworks, LLC, and/or its designee, to assist with the financing of the Bridgeworks Development Project to be located at 2429 West Superior Avenue; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

WHEREAS, under Section 5709.41 of the Revised Code, improvements to real property may be declared to be a public purpose where fee title to the real property was, at one time, held by the City of Cleveland and the real property is then leased or conveyed by the City; and

WHEREAS, pursuant to Ordinance authority, the City will have duly entered into the chain of title for the Property which is more particularly described in this ordinance (the “Real Property”) pursuant to the requirements of Section 5709.41 of the Revised Code prior to the passage of this ordinance; and

WHEREAS, the Real Property is to be developed in accordance with the Cleveland 2020 Citywide Plan, a copy of which is placed in **File No. 1213-2022-A**; and

WHEREAS, under Section 5709.41 of the Revised Code, the improvements declared to be a public purpose may be exempt from real property taxation; and

WHEREAS, under Section 5709.41 of the Revised Code, the owners of the improvements may be required to make annual service payments in lieu of taxes that would have been paid had the improvement not been exempt; and

WHEREAS, under Section 5709.41 of the Revised Code, the exemption may exceed 75% of the improvements for up to 30 years when a portion of the service payments so collected are distributed to the Cleveland Metropolitan School District (“District”) in an amount equal to the amount the District would have received had the improvement not been exempt; and

WHEREAS, the District has been notified of the intent to enter into the agreement authorized by this ordinance in compliance with Sections 5709.41(C)(4) and 5709.83 of the Revised Code; and

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WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

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

Section 1. That the improvements to be constructed by Bridgeworks, LLC, and/or its designee, (“Redeveloper”), are declared to be a public purpose for purposes of Section 5709.41 of the Revised Code (the “Improvements”). The Real Property is more fully described below and as may subsequently be replatted, re-numbered, or revised:

Legal Description
PPN# 003-15-087

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and being part of Original Brooklyn Township Lot No. 70, bounded and described as follows:

Beginning at an Iron Pin Monument found at the intersection of West 25th Street, 60 feet wide, and Detroit Avenue, 66 feet wide.

Thence North 30°28'45" West, along the centerline of said West 25th Street, a distance of 142.71 feet to a point;

Thence North 59°31'15" East a distance of 30.00 feet to the easterly line of said West 25th Street and the Principal Place of Beginning of land herein described:

Thence North 30°28'45" West, along the northeasterly line of said West 25th Street, a distance of 87.83 feet to the southeasterly line of Vermont Avenue, 33.00 feet wide;

Thence North 59°26'52" East, along said southeasterly line of said Vermont Avenue, a distance of 229.00 feet to a point;

Thence South 30°28'45" East a distance of 6.20 feet to a point; Thence South 39°50'15" West a distance of 30.96 feet to a point;

Thence North 59°26'52" East a distance of 238.36 feet to a point on the southeasterly line of the Detroit-Superior Viaduct, 80.00 feet wide;

Thence North 39°50'15" East, along said southeasterly line, a distance of 80.09 feet to the most westerly corner of land conveyed to F & G Superior Viaduct, LLC. by deed AFN: 201705230555 of Cuyahoga County records;

Thence South 35°12'07" East, along the southwesterly line of land conveyed to said F & G Superior Viaduct, LLC., a distance of 154.08 feet to a point;

Thence South 55°54'07" West a distance of 96.83 feet to the northwesterly line of Detroit Avenue, 66.00 feet wide;

Thence South 34°40'45" West, along said northwesterly line, a distance of 118.78 feet to a point;

Thence South 59°41'52" West, continuing along said northwesterly line, a distance of 275.35 feet to a point;

Thence North 30°28'45" West a distance of 36.45 feet to a point of curve;

Thence along a curve deflecting to the right an arc distance of 35.46 feet. Said curve having a radius of 30.00 feet and a chord that bears North 68°12'01" West, 33.43 feet;

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Thence along a curve deflecting to the left an arc distance of 54.58 feet. Said curve having a radius of 636.00 feet and a chord that bears North 36°47'53" West, 54.57 feet;

Thence South 39°50'15" West a distance of 21.32 feet to the Principal Place of Beginning and containing 88,308 square feet (2.0273 acres) of land, be the same more or less but subject to all legal highways; And further known as all of Parcel "A" as shown on the Consolidation Plat M- 5029 recorded in AFN: 202002040272 of Cuyahoga County Records.

Bearings are to an assumed meridian and are used to denote angles only.

Section 2. That one hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty years, effective and commencing the first year the value of the Improvements are reflected on the tax duplicate; and that in no event shall the exemption period extend beyond 2055. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

<u>Project Name:</u>	Bridgeworks Development
<u>Project Address:</u>	2429 West Superior. Cleveland. OH 44111
<u>Developer:</u>	Bridgeworks, LLC and/or designee
<u>Project Manager:</u>	Robin Brown
<u>Ward/Councilperson:</u>	3 – Kerry McCormack
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

Bridgeworks, LLC is a partnership between developers Michael Panzica, Graham Veysey & Marika Shioiri Clark. Veysey & Shioiri Clark have been instrumental in the redevelopment of the Hingetown sub-neighborhood of Ohio City. The Developer purchased the former Cuyahoga County Bridge Garage site located at 2429 West Superior Avenue ("Project Site") in 2021 with their sights set on redeveloping the project into the mixed-use development "Bridgeworks" with retail, housing, office, a hotel, and parking. The Developer won rights to purchase the property through a competitive bidding process run by Cuyahoga County, the previous property owner. The acreage of the project site is just over 2 acres. The site contains elements that will be preserved like the historic entrance to the streetcar level beneath the Detroit-Superior Bridge, and other building facades on site. The garage building will require some brownfield remediation and will be demolished as part of the project scope.

Bridgeworks will be a one-of-a-kind mixed-use development on the west side of the City of Cleveland. With a great transportation-oriented development location at the intersection of Detroit Avenue and West 25th Street, the project is expected to increase pedestrian activity along two of Cleveland's main arterial roads.

The main project components include 140 residential units, 12,000 square feet of class-A office space, ground floor commercial space, a 130-room hotel, and a parking garage with 210 spaces. The 11th floor will include a 120-seat restaurant and bar, 30-seat rooftop patio and other amenities. Total project costs are expected to exceed \$100 million, with approximately \$73 million in estimated hard construction costs. Upon completion, the project is expected to provide the City of Cleveland with significant new tax revenues from income taxes, property taxes, bed taxes, and parking tax.

The project will include the addition of 44 new jobs between 2024 and 2026, with \$1,647,360 in new payroll for the commercial, hotel and facilities management jobs

In order to assist with the project financing, the Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project. The project will create and/or cause to create approximately 44 new W-2 jobs at the Project Site with an approximate payroll of \$1,647,360. The total project investment is expected to exceed \$100 million.

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Proposed City Assistance

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with Bridgeworks, LLC and/or its designee. The City will have declared certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes.
- The Developer agrees to make certain improvements to the parcel and make payments in lieu of taxes (PILOTS) equal to the taxes that would have been paid for the parcel but for the TIF. A portion of the PILOTS will be paid to the Cleveland Metropolitan School District in the amount the District would have otherwise received but for the TIF by the County (“District Payments”). The balance of the PILOTS will be utilized to fund eligible project costs and project debt. The developer will be responsible for any shortfall of PILOT payments for project costs.
- The TIF will be immediately effective on the residential after the expiration of the 15-year, 100% tax abatement.

Economic Impact

- Creation of approximately 44 new full time jobs in the City of Cleveland
- Project estimates \$41,184 in new annual City tax revenue generated from residents and new employees.

City Requirements

- Subject to Chapter 187: MBE/FBE/CSB requirements
- Subject to Chapter 188: Fannie Lewis Cleveland Residential Employment Law
- Subject to a Workforce Development Agreement for all new jobs
- Subject to a Community Benefits Agreement

Section 3. That, under Section 5709.41 of the Revised Code, Redeveloper, or the owners of the Improvements, shall make service payments for a period of thirty years in lieu of the exempt taxes to the Cuyahoga County Fiscal Officer or Treasurer, or designee; the payments shall be charged and collected in the same manner, and shall be in an amount not less than the taxes that would have been paid had the Improvements not been exempt from taxation.

Section 4. That a portion of the service payments collected under this ordinance shall be distributed by the Cuyahoga County Fiscal Officer or Treasurer, or designee to the Treasurer of the District in the amount of the taxes that would have been payable to the District had the Improvements not been exempt from taxation.

Section 5. That the Director of Economic Development is authorized to enter into an agreement or agreements with Redeveloper to provide for the exemption and service payments described in this ordinance, including agreements securing the

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payments described in this ordinance, which agreement or agreements shall contain those terms contained in this ordinance.

Section 6. That when applicable under Section 5709.43 of the Revised Code, there is established an Urban Redevelopment Tax Increment Equivalent Fund into which shall be deposited Service Payments in Lieu of Taxes (“PILOTS” or “Service Payments”) that shall be used for financing the public purpose Improvements including project debt service, bond payments, and reimbursement of project construction costs, or for other economic development purposes as determined by the Director of Economic Development.

Section 7. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this ordinance were adopted in open meetings of this Council, and any of its committees that resulted in formal action were in meetings open to the public in compliance with the law.

Section 8. That the contract or contracts authorized by this ordinance shall be prepared by the Director of Law.

Section 9. 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
11-14-2022
FOR: Director Jackson

