

# Ordinance No. 997-2021

By Council Members Gray, Brancatelli and Kelley (by departmental request)

## AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Project Boron, LLC, and/or its designee, to provide a debt reserve for the financing of the Orlando Baking Company Expansion Project to be located along the Opportunity Corridor; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

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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 has or 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. 997-2021-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 Project Boron, 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 includes all property owned or previously owned by the City of Cleveland as more fully depicted in the maps placed in the above-mentioned file and as may subsequently be replatted, re-numbered, or revised.

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 2054. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

**Project:** Orlando Baking Company Expansion  
**Developer:** Orlando Baking Co./Westin Development  
**Ward:** 5

The Orlando Baking Co. has been operating in the Central neighborhood for decades, employing over 300 at their current facility. They have been expanding in place for years and are bursting at the seams. One of their largest needs is commercial-grade freezer space. Cold storage is in extreme shortage throughout the region: Orlando currently leases space in Columbus and one company looking at opportunities in the region could not find freezer space closer than Harrisburg, PA.

To address their immediate need, Orlando has partnered with Westin to develop a Public Refrigerated Warehouse on the site immediately south of them across the Opportunity Corridor. The initial commercial freezer will be approximately 150,000 square feet of development, of which Orlando will operate in about 50,000 square feet and the remainder will be leased to commercial food companies in and around Cleveland. As a shared warehouse, shipping can be pooled, with products from multiple companies shipped to the same site, either as a final destination or to a centralized warehouse (for example to a grocery warehouse within a market). The project site will include sufficient space for development of 100,000 additional square feet of cold storage as well as potential retail development on the Opportunity Corridor frontage.

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This cold storage development will benefit not only Orlando, but many of Cleveland’s existing food manufacturers, as well as creating a competitive advantage for the attraction of other food-related businesses in and around the Corridor. This is the type of catalytic, large-footprint commercial development that is needed through the City and the State.

**Purpose of Legislation:**

- Authorize the sale of City-owned property and a purchase option for other City-owned property
- Authorize a 30-year Non-School TIF

**Estimated Economic Impact:**

- Retention of over 300 existing jobs at the Orlando Baking Co. and a \$16,000,000 payroll
- Creation of 70 additional jobs between Orlando’s current footprint and the cold storage facility and an additional \$5,000,000 payroll.
- Potential for the creation of 20+ additional jobs through future expansions.

**Estimated Sources & Uses:**

<b>Uses</b>		<b>Sources</b>	
Acquisition & Soft Costs	\$7,000,000	Senior Loan (inc. TIF)	\$18,450,000
Site Preparation	\$2,500,000	JobsOhio	\$3,000,000
Construction (Shell)	\$12,500,000	NDP Grant	\$50,000
Construction (Freezer Buildout)	\$9,500,000	Equity	\$10,000,000
<b>Total Uses</b>	<b>\$31,500,000</b>	<b>Total Sources</b>	<b>\$31,500,000</b>

Estimated TIF Value: \$2,240,000

Community Benefits:  
 Chapter 187 Applies  
 Chapter 188 Applies  
 Workforce Development 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

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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 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, debt reserve, 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  
11-8-2021  
FOR: Interim Director Ebersole

