

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
EXECUTIVE SUMMARY**

ORDINANCE NO.: 866-2019

**Project:** Retail Incubator at Glenville Circle North (NTI)  
**Project Location:** 1400 E, 105<sup>th</sup> Street, Cleveland, OH 44106  
**Project Manager:** Briana Butler  
**Ward / Councilperson:** 9/Conwell  
**Loan Amount:** \$390,000

**Purpose of Financial Assistance**

The first NTI Retail Incubator will be located on the first floor of the Glenville Circle North mixed-use building, at E. 105th and Ashbury. The building, being developed by the Finch Group, will include 63 mixed-income residential units and 13,000 SF of commercial space, and is expected to be complete in September (with the first residential tenants moving in the end of June).

Because of the unique nature of the project, there was no existing cost model to base the budget on. Seven businesses were selected to the first cohort of the retail incubator (those include two restaurants, a barber, a coffee shop, a juice bar, and two retail stores). As they are the first tenants in the space, buildout design is weighted heavily based on their business operational needs. As such, adequate equipment and buildout is needed to accommodate their business needs.

**Background**

On August 16, 2017, City Council passed Ordinance No. 560-17, allocating \$1.3 million of Chapter 165-bond proceeds for the implementation of a Retail Incubator program for NTI. On June 4, 2018, City Council passed Ordinance No. 495-18, authorizing the City to enter into a Forgivable Loan Agreement with CCDC (CT9501LA2018\*024) in an amount of \$1,000,000 for a Master Lease Agreement with the Finch Group for rent and buildout of the retail incubator space.

Once bids for the buildout of the space started to arrive, it became evident that there was a gap between the cost of the buildout and the available funding originally allocated. Unforeseen costs include the following:

- Equipment costs associated with buildout of two full kitchens (Black Box Fix, and Pipe & Hot Grill), and two smaller kitchens (Cleveland Cold Brew Coffee, and Vitamin Kandie)
- Inflation of the cost of construction labor and materials (est. 10-15% in market from end of 2017 to present)
- Availability of construction labor

Additionally, there were modifications to the size of the tenant's spaces, utility needs, and the need to hire an interior designer that required modification and

additional funding to the architecture and engineering services contract between CCDC and City Architecture. These additional costs include: administration of architectural services, engineering subcontractor hours, and interior design subcontractor hours.

Accordingly, CCDC requests the remaining \$300,000 originally allocated for the Retail Incubator program, per Ord. No 560-17, plus an additional \$90,000 (unencumbered NTI bond funds) to be allocated between buildout hard costs, A/E, and FFE, and potential cost overruns during construction.

**Community Benefits Applicability**

Chapter 187 (MBE/FBE/CSB) applies

Chapter 188 (FANNIE LEWIS) applies

Prevailing Wage does not apply