

Ord. 664-2026 “IX Center Deal”

Purpose

Authorize an amendment to the 2001 Runway Settlement Agreement between the City of Cleveland and the City of Brook Park to resolve longstanding litigation, eliminate outdated tax-sharing provisions, and position the IX Center and other property for future redevelopment.

Key Terms

Cleveland Receives

- Eliminate the Emerald Park JEDZ revenue-sharing, adding \$305,000 in revenue annually (2024).
- Termination of IX Center tax-sharing adding \$250-\$490k revenue annually (2018-2024).
- Gain site control of approximately 87 acres of land (47 IX, 40 Emerald Park)
- Removes Brook Park tax sharing from approximately 240 acres of land within the City of Cleveland
- Current Emerald Park tenants produce ~\$17,500 per developed acre. Developing the remaining 40 acres would add ~\$700,000 in revenue annually.

Brook Park Receives

- \$2 million one-time payment.
- \$650,000 annual payment in lieu of taxes for 33 years.
- Approximately 34 acres of Cleveland-owned property within the Brook Park Runway Protection Area.
- Dismissal of pending litigation.

Fiscal Considerations

- Current revenues generated by the IX Center and Emerald Park are modest, split unfavorably and attracting new business is hampered by dealing with two municipalities.
- Current sharing of revenue makes Cleveland bear all the costs and half the gains of any future development.
- Gain site control of 87 acres of developable land for about \$100,000 a year.

Revenues Generated

	<u>Current</u>	<u>664-2026</u>	<u>Revenue Change</u>	<u>Revenue Change</u>
	(No Deal)	(Deal)	(Deal - No Deal)	Less \$650k payment
2024 IX Center	\$227,339	\$475,787	\$248,448	(\$401,552)
2024 Emerald Park	\$0	\$305,000	\$305,000	(\$96,552)
(@ current \$17,500/acre)				
<u>Emerald Park Build Out</u>				
10 acres	\$87,500	\$175,000	\$87,500	(\$9,052)
20 acres	\$175,000	\$350,000	\$175,000	\$78,448
(@ current \$17,500/acre)				
<u>Add IX Center Tenants</u>	(not currently viable)			
IX Center \$25m Payroll	\$314,861	\$752,302	\$437,441	\$340,889

Policy Considerations

- Resolves longstanding legal disputes and uncertainty surrounding the IX Center property.
- Removes legacy provisions tied to a runway project that is no longer planned.
- Creates opportunities for the redevelopment of 87 acres of land.
- Exchanges near-term settlement costs for long-term economic development and revenue growth potential.
- Reduces settlement costs with the elimination of revenue sharing agreements.

	<u>Two Ways for Cleveland to Gain Revenue</u>			
	<u>Current</u>	<u>664-2026</u>	<u>Revenue Change</u>	<u>Revenue Change</u>
	(No Deal)	(Deal)	(Deal - No Deal)	Less \$650k payment
2024 IX Center	\$227,339	\$475,787	\$248,448	(\$401,552)
2024 Emerald Park	\$0	\$305,000	\$305,000	(\$96,552)
(@ current \$17,500/acre)				
<u>Emerald Park Build Out</u>				
10 acres	\$87,500	\$175,000	\$87,500	(\$9,052)
20 acres	\$175,000	\$350,000	\$175,000	\$78,448
40 acres	\$350,000	\$700,000	\$350,000	\$253,448
(@ current \$17,500/acre)		<u>OR</u>		
<u>Add IX Center Tenants</u>	(not currently viable)			
IX Center \$25m Payroll	\$314,861	\$752,302	\$437,441	\$340,889
IX Center \$50m Payroll	\$564,861	\$1,352,302	\$787,441	\$690,889
IX Center \$75m Payroll	\$814,861	\$1,977,302	\$1,162,441	\$1,065,889
IX Center \$100m Payroll	\$1,064,861	\$2,602,302	\$1,537,441	\$1,440,889
EP Full & IX \$100M	\$1,414,861	\$3,302,302	\$1,887,441	\$1,694,337