

Department of Port Control

Ord. No.: 670-18

Business Development & Management

EXECUTIVE SUMMARY

The Department of Port Control is requesting to amend various sections of Ordinance No. 561-14, passed June 2, 2014, as amended by Ordinance No. 1507-14, passed December 1, 2014, authorizing the Director of Port Control to enter into a Multi-Phased Option to Lease Agreement and resulting Lease Agreements with Cumberland TCC, LLC, for property commonly known as the Harbor West Docks and three sites at North Coast Harbor for future development.

Background/Purpose:

On June 2, 2014, Cleveland City Council adopted Ordinance No. 561-14 authorizing the Director of Port Control to enter into a Multi-Phased Option to Lease Agreement and resulting Lease Agreements with Cumberland TCC, LLC (“Developer”), for property commonly known as the Harbor West Docks and three sites at North Coast Harbor (“NCH”) for future development.

On December 1, 2014, Cleveland City Council adopted Ordinance No. 1507-14 authorizing several amendments to Ordinance 561-14 to allow for material changes required to finalize the option to lease and lease agreements with the Developer.

Since signing the Option to Lease agreement on June 15, 2015, the Developer has completed Nuevo Modern Restaurant (Site A) on the East 9th Street Pier and commenced construction of Harbor Verandas (Site B) a three story mixed-use apartment building just north of the Rock and Roll Hall of Fame (RRHF), which is expected to open in September 2018. In addition, the Development Team is facilitating a large development opportunity between the RRHF and Great Lakes Science Center (Site C).

The Developer on a parallel track has been engaged in marketing Docks 32, 30 and 28b (Sites D, E & F) located north of FirstEnergy Stadium with a focus on landing a large commercial user who could generate TIF revenue to support infrastructure improvements required for the sites. One such user is considering a site located partially on Docks 28b (Site F) and 30 (Site E). However, a decision is not expected until the Fall of 2018. Additionally, there have been discussions concerning a mixed-use, multi-tenant development on Dock 32 (Site D). It is expected that a project will materialize and proceed at this location in its first phase in 2019.

Amendments to Ordinance No. 1507-14:

The following amendments to the timelines outlined in Ordinance No. 1507-14 and the related Legislative Summary on file with Cleveland City Council are requested:

Phase I – Sites A, B, and C located at North Coast Harbor

- Extend the commencement of construction date for all sites until June 14, 2019
- Extend the completion of construction date for all sites until June 14, 2021 with an option at the Director of Port Control’s discretion to extend the deadline for completing the construction of a project as long as work is actively ongoing at the site.

Phases II, III, and IV located at Harbor West Docks (Sites D,E & F behind First Energy Stadium)

- Reconcile the Option to Lease Date for all sites to June 14, 2019, with one-year option to extend by the Director of Port Control.
- Modify the commencement of construction date for all sites to June 14, 2020 and completion of construction to June 14, 2022.

The proposed amendments if approved will result in the following revised development timeline:

<u>Option to Lease Timeline:</u>	<u>Current</u>	<u>Amended</u>
<u>Phase I (NCH/Sites A, B & C)</u>		
Commencement of Development	6/14/2016	6/14/2019
Completion of Development	6/14/2018	6/14/2021
<u>Phases II (Dock 32/ Site D)</u>		
Option to Lease	6/14/2018	6/14/2019
Commencement of Development	6/14/2019	6/14/2020
Completion of Development	6/14/2021	6/30/2022
<u>Phase III (Dock 30/ Site E)</u>		
Option to Lease	6/14/2018	6/14/2019
Commencement of Development	6/14/2019	6/14/2020
Completion of Development	6/14/2021	6/14/2022
<u>Phase IV (Dock 28b/ Site F)</u>		
Option to Lease	6/14/2019	6/14/2019
Commencement of Development	6/14/2020	6/14/2020
Completion of Development	6/14/2022	6/14/2022

*Amendment will provide authority to extend the completion of construction dates at DPC’s discretion, as long as work is actively ongoing at the site.

Justification:

The Developer has invested over \$15 million in the downtown Cleveland lakefront to date and is diligently pursuing additional development opportunities as contemplated in the Option to Lease agreement. The proposed amendments are necessary to ensure the Developer has sufficient terms to complete active projects and conclude negotiation with prospective end-users currently in the development pipeline.

Anticipated Cost:

There are no anticipated costs.