

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO: 1033-18

Project Name: East Side Market

Recipient: Northeast Ohio Neighborhood Health Services, Inc. ("NEON")

Project Site: 10505 St. Clair Ave. (E. 105th St. and St. Clair Ave.)

Project Manager: Richard Barga

Ward/Councilperson: 9 - Conwell

City Assistance: \$500,000 Economic Development Assistance Grant from UDAG funds.

Project Site

The East Side Market opened in 1988 in Cleveland's Glenville neighborhood, as a replacement for the old Central Market, which closed to make way for Progressive Field and the Quicken Loans Arena. The market stayed open for nearly two decades, but struggled for several years before closing in 2007.

Company Background

Northeast Ohio Neighborhood Health Services, Inc. ("NEON") has been providing medical and dental services in Cleveland since 1967. With six locations on the east side of the city, NEON is a Federally Qualified Health Center dedicated to improving access to health care and health disparities. Their services include family-oriented comprehensive health care, adult medicine, pediatrics, geriatrics, behavioral health, dental services, and laboratory services. They have been committed to improving the areas in which they serve such as the Hough, Collinwood, and Corlett neighborhoods.

Project Summary

The East Side Market is a City-owned building located on the corner of E. 105th Street and St. Clair Avenue at 10505 St. Clair Avenue, Cleveland, Ohio, 44108 ("Project Site"). It operated as a public market until 2007 and has, since, been vacant. NEON responded to an RFP to lease the East Side Market from the City and plans to sublease space out to food-related businesses.

The 19,620 square foot building will become an important neighborhood asset with Mazzulo's, a full-service grocery store, occupying a roughly 13,000 square feet. NEON will also open a health and wellness center. In addition, the building will include a number of other amenities as well, including a café-style eatery, demonstration kitchen, event space, specialty kiosks, refrigerated storage/distribution space for lease to neighborhood entities, Farmer's Market vendor spaces and free Wi-Fi.

Redevelopment has begun, and NEON has indicated that cost overruns due to deferred maintenance, especially of the water and sewer systems, have driven up costs substantially. They have taken on additional debt but a gap still remains. Work has stopped until additional funding can be secured.

MOCAP reviewed the project drawings and the most recent draws and has determined that the work completed is reflected in the billings to date.

NEON has requested assistance to help subsidize some of the cost overruns as part of the project. They have incurred additional debt to subsidize the project, but have indicated that they are at their capacity and may impact their ability to provide services.

The addition of the East Side Market to the neighborhood will increase access to fresh, healthy and affordable food while adding health and wellness services for community residents. Granting assistance to the project will help promote the building's redevelopment and ensure its long-term success and viability.

Proposed City Assistance

The City would provide a recoverable grant of \$500,000 to support the project. NEON has previously agreed to create 25 jobs at the project site. The failure of this project would have a significant impact on NEON (impeding their ability to provide key services to residents) and on the future of the East Side Market asset.

\$500,000 in funding will offset the costs incurred by NEON in resolving the issues described above. The additional City contribution would bring the City's total cash contribution to an estimated \$867,000, more than in parity with the State and County contributions of \$750,000 each, in addition to the tax abatement provided to the site.

Economic Impact

- Creation of 25 FTE to the City, with an estimated annual payroll of \$520,000
- Approximately \$13,000 new annual income taxes
- Productive reuse of vacant, City-owned asset
- Promotion of investment and food security in the Glenville neighborhood

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