


December 7, 2022

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager  202202146

Subject: **Emergency Ordinance – Approving and Authorizing CRA Tax Exemption Agreement with Cary Capital, LLC**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Cary Capital, LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 2250 East Seymour Avenue in the Bond Hill neighborhood of Cincinnati, in connection with the construction of an approximately 50,000 square foot manufacturing facility, which construction shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold or Platinum standards or Living Building Challenge standards, at a total construction cost of approximately \$10,200,000.

BACKGROUND/CURRENT CONDITIONS

Cary Capital, LLC (the “Developer”) currently owns the land located at 2250 Seymour Avenue. Formally the site was the location of Cincinnati Gardens, a 25,000 square foot indoor arena hosting multiple sporting events, concerts, and other entertainment events. In 2016, the Port of Greater Cincinnati Development Authority (Port) acquired the property and later demolished the arena in 2018. The Port sold the property to the Developer in early 2022.

DEVELOPER INFORMATION

The Developer is affiliated with Emerge Manufacturing, LLC through Cynthia Booth, President & CEO of both entities. Emerge Manufacturing specializes in the production of personal protection equipment for hospitals and healthcare facilities.

PROJECT DESCRIPTION

The Developer plans to construct a 50,000 square foot light manufacturing and office facility on the subject property at an estimated cost of \$10,200,000. The project will result in the creation of 100 full-time equivalent (“FTEs”) jobs with a total annual payroll of \$6,000,000. The project will also result in the creation of 36 full-time temporary construction jobs at an annual payroll of \$350,000. The proposed project is consistent

with Plan Cincinnati within the Compete Initiative Area's goals to "Foster a climate conducive to growth, investment, stability, and opportunity" (p. 103). Furthermore, the project aligns with the amended Bond Hill + Roselawn Plan goals to "Revitalize and maintain the Reading Road corridor in the Bond Hill and Roselawn business districts" and "to develop and create access to employment opportunities matching skill sets with employers' needs; focusing on in-demand industries and occupations" (p. 15). The Developer has also conducted extensive engagement with the Bond Hill and Roselawn Community Councils, which have provided letters of support for the project.

PROPOSED INCENTIVE

DCED is recommending a 15-year, net 67% CRA tax exemption. The exemption only applies to the increase in improvement value attributed to the construction. This recommendation is based on the following factors:

- Including benefits, the project compensation average is expected to be \$60,000 a year per employee. It is expected that most of the employee base will come from the surrounding community as no special certifications nor advanced education experience would be required.
- In addition to the voluntary 30% SBE goal, the Developer's project-specific voluntary commitment of meeting the City's economic inclusion program goals of 17% MBE and 10% WBE participation.
- The Developer's commitment that jobs created by the project will comply with the Living Wage Policy as reflected in CMC Chapter 317.

Pursuant to the Commercial CRA policy established by City Council, this project scored 5 points as indicated below which would merit a 6-year net 45% CRA Tax Abatement:

"But For" Analysis (0-3 points) *	3
LEED (0-6 points)	2
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	0
TOTAL	5

* *"But For" Analysis Explanation:* 3 points were awarded for the following reasons:

- Without an abatement, projected return on equity is below 7% for the first 15 years following construction, which is not a reasonable return for this type of investment.
- DCED has determined that this project falls within the "Undercapitalized Projects" category of the Policy as the project would not attract the equity needed to complete the project with a shorter term and percentage.

SUMMARY	
Incentive Value	
Annual Net Abatement (Savings to Developer)	\$96,979
Total Term Net Abatement (Savings to Developer)	\$1,454,689
City's Portion of Property Taxes Forgone	\$305,119
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$47,766
Total Term CPS PILOT	\$716,489
VTICA	
Annual VTICA	\$0
Total Term VTICA PILOT	\$0
Income Tax (Max)	\$1,626,300
New Permanent Jobs	100
Total Public Benefit (CPS PILOT/VTICA PILOT/Income Tax)	\$2,342,789
Total Public Benefit ROI	\$1.61
City's ROI	\$7.68

PROJECT TEAM & TIMELINE

The project team (listed below) will make themselves available at the request of the councilmember(s).

- Assistant City Manager: William Weber
- DCED Director: Markiea Carter
- Project Attorney: Emily Kujawa

The anticipated council timeline, which includes two Budget and Finance meetings if necessary is as follows:

- December 7, 2022: Introduction to City Council
- December 12, 2022: Budget and Finance (1)
- December 19, 2022: Budget and Finance (2)
- December 21, 2022: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. This is an Emergency Ordinance so construction financing can hold stable.

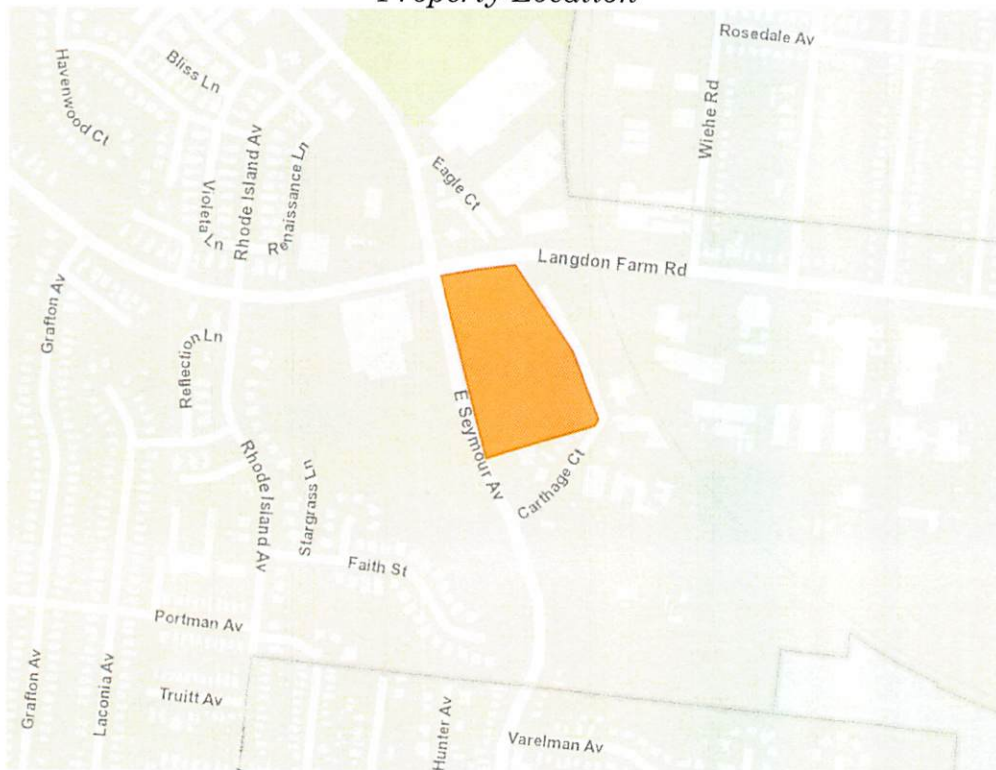
Attachment: A. Property location and photographs

Copy: Markiea L. Carter, Director, Department of Community & Economic Development

Attachment A: Location and Photographs



Property Location



2250 Seymour Avenue