

June 23, 2022

To: Mayor and Members of City Council 202201466
From: John P. Curp, Interim City Manager
Subject: **Ordinance – Amend Ordinance No. 13-2008 - Keystone Parke TIF**

Attached is an Ordinance captioned:

AMENDING Ordinance No. 13-2008, to remove certain real property located at 2117 Dana Avenue in the Evanston neighborhood of Cincinnati from the tax increment financing (TIF) exemption area created by that ordinance.

BACKGROUND/CURRENT CONDITIONS

The subject legislation modifies the boundary of a Project TIF created in 2008 to support the Keystone Parke Phase I office development on Dana Avenue in Evanston, near I-71. In approximately 2010, Neyer Properties, Inc. was successful in completing a new office building and public parking garage at 2135 Dana Avenue. The subject of this legislation, an adjacent vacant property at 2117 Dana Avenue (“Property”), is a .79 acre outlot located on Dana Avenue next to Evanston Park. The Property was originally included in the TIF for the office building and was thought to be well suited for a small amenity development such as a stand-alone restaurant to support the office buildings at Keystone Parke. However, the Property has not yet been developed, except as a temporary parking lot.

In the meantime, the Keystone Parke I office building stabilized and has been generating sufficient statutory service payments to cover the City’s debt service payments on the Keystone Parke I public garage without requiring contributions from the Property.

The proposed legislation to remove the Property from the TIF boundary is being proposed because it would enable a non-profit end user, Cincinnati Public Radio (CPR), to develop its new office headquarters (“Project”) at the Property and benefit from its ability to file for a nonprofit property tax exemption. As a nonprofit that has to regularly raise donations to help cover its capital and operating costs, being able to utilize its nonprofit tax exemption is essential. No other incentive is being requested from the City in order to facilitate development of the Project.

DEVELOPER INFORMATION

The Property is currently owned by Keystone Parke I LLC, an affiliate of Neyer Properties, Inc., the master developer of the Keystone Parke office park. Cincinnati Public Radio proposes to acquire the Property from the current owner and develop its offices there.

Cincinnati Public Radio is the region's primary public radio organization, which owns and operates the local WGUC and WVXU public radio stations. Neyer Properties, Inc. has been developing office, industrial, and mixed-use real estate in the tristate for more than 27 years and has developed over 3,500 acres of land and hundreds of projects totaling over \$2 billion in value.

PROJECT DESCRIPTION

Cincinnati Public Radio's existing office location on Central Parkway has become insufficient for its current needs, so CPR has been fundraising and searching for a location to construct new offices. A previous downtown location was determined to no longer be feasible. CPR has identified the Property as a location where they can construct a modern, 2-story, 30,000 square foot facility that will house its office space, radio studios, recording studios, and performance space.

The Project will allow CPR to retain 40 existing FTE jobs with an annual payroll of approximately \$2,600,000, and the new location will additionally allow CPR to create 3 new FTE jobs with an annual payroll of \$175,000. Further, the construction phase will generate 50 temporary construction jobs during the 15 month construction period, with an annual payroll of approximately \$2,500,000.

CPR's project represents a \$26 million total investment, including \$23 million toward the real estate improvements and \$3 million towards machinery, equipment, and furnishings. The project is being funded by private donations and other private funds. Fundraising is ongoing, but has been sufficiently successful to date that CPR intends to close on the property purchase the summer and commence construction in the fall of 2022.

CPR has presented its plans to the Evanston Community Council, which is aware of the Project and has not indicated any concerns or opposition. Because the Property is surrounded on two sides by Evanston Park, there are ongoing conversations with Evanston Community Council and Cincinnati Recreation Commission to ensure that the edges of the Project fit in harmoniously with the surrounding park.

City support for the Project is consistent with the Plan Cincinnati goal to "grow our own" by focusing on retention, expansion, and relocation of existing businesses" (p. 104).

PROPOSED LEGISLATION

The way in which the City is being requested to support the Project is to (1) remove the Property from the Project TIF, and (2) to amend the Keystone Parke I Service Agreement to eliminate the Property owner's obligation to make service payments in lieu of property taxes, so that CPR is able to utilize its nonprofit tax exemption. Though the City's proposed involvement is not truly an incentive in the usual sense, it is worth noting that the benefits to the City from the Project, of private investment and payroll tax revenue, greatly exceed the risks to the City's infrastructure bonds. As mentioned previously, Keystone Parke I has been generating sufficient statutory service payments to cover the City's debt service payments on the Keystone Parke I public garage without

requiring contributions from the Property. In the event that future TIF revenue are insufficient to cover debt service, Keystone Parke I LLC would be required to make a minimum service payment to the City in order to cover any shortfall.

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: Samantha Brandenburg

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

- June 23, 2022: Introduction to City Council
- June 27, 2022: Budget and Finance (1)
- August 1, 2022: Budget and Finance (2)
- August 3, 2022: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs



Property Location



Rendering – Dana Avenue view



Rendering – rear (park) view