

June 21, 2021

To: Members of the Budget and Finance Committee

From: Paula Boggs Muething, City Manager *UB for PBM*

202102345

Subject: **PROPERTY SALE AND DEVELOPMENT AGREEMENT FOR
VACANT LOTS AT 1917-1933 GEST STREET AND A PORTION OF
VACATED SUMMER STREET**

Attached is an Emergency Ordinance captioned as follows:

AUTHORIZING the City Manager to execute a *Property Sale and Development Agreement* with Gest Street Distributions, LLC, an affiliate of Nehemiah Manufacturing Company LLC, pursuant to which the City will vacate and sell approximately 0.2751 acres of real property designated as public right-of-way known as Summer Street and sell approximately 1.8591 acres of unimproved real property generally located south of Gest Street and west of Berlin Street in the Lower Price Hill neighborhood.

BACKGROUND/CURRENT CONDITIONS

For more than a decade, the City of Cincinnati strategically acquired and prepared approximately 18 acres of land in Lower Price Hill, consolidated and commonly referred to as the Metro West Commerce Park ("Metro West"). The City sold off prior portions of Metro West to Tri-State Wholesale and Nehemiah Manufacturing.

In January 2020, the Department of Community and Economic Development ("DCED") issued a Request for Proposals ("RFP") for the subject property. The RFP was awarded to Nehemiah Manufacturing Company LLC.

DEVELOPER INFORMATION

The Developer, Gest Street Distributions, LLC, is an affiliate of Nehemiah Manufacturing Company LLC. Nehemiah Manufacturing successfully redeveloped the adjacent site and relocated their headquarters to 1907 South Street in 2018. Al. Neyer has been selected as the general contractor for the project.

The Developer intends to enter into a transaction with the Port of Greater Cincinnati Development Authority (the "Port") under which it will convey the property to the Port before undertaking construction of the project's improvements, and the Port will lease the improvements to be constructed back to Developer.

PROJECT DESCRIPTION

The Developer plans to expand their existing facility by constructing a 49,900 square foot light manufacturing and office facility on the subject property at an estimated cost of \$3,630,000. The project will result in the retention of 101 full-time equivalent employees ("FTEs") with a total annual payroll of \$6,675,000, the relocation and retention of 17 FTEs with a total annual payroll of \$543,500, and the creation of 15 FTEs with a total annual payroll of approximately \$450,000. The project will also result in the creation of 34 full-time temporary construction jobs with an associated annual payroll of \$1,490,000.

The proposed sale of property and the proposed vacation and sale of a portion of Summer Street were approved by the City Planning Commission on December 18, 2020.

The Department of City Planning hosted a public engagement meeting on the proposed sale of City-owned property and the proposed vacation and sale of a portion of Summer Street on May 26, 2021. No concerns about the proposed project were expressed.

PROPOSED INCENTIVE

DCED is recommending the sale of the City-owned property (1.8591 acres) and the vacation and sale of a portion of Summer Street (0.2751 acres) for \$1.00.

DCED is also recommending a 15-year, net 67% CRA tax exemption. This proposed incentive is outlined in a separate ordinance.

The approximate Fair Market Value ("FMV") of the City-owned property was determined by appraisal to be \$195,500, and the approximate FMV of the portion of Summer Street was determined by appraisal to be \$13,500. The total FMV of the property was determined to be \$209,000.

DCED is recommending a \$1.00 sale based on the following factors:

- Due to its history, this property requires significant pre-development costs related to environmental remediation.
- The feasibility of the project is dependent on the vacation of a portion of Summer Street, which has significantly increased the cost of the project.

Additionally, it is anticipated that this project will create new jobs, stimulate economic growth in the Lower Price Hill neighborhood, and restore the City's Sale Property to a productive use.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The reason for the emergency is to accommodate the construction timeline of the Project.

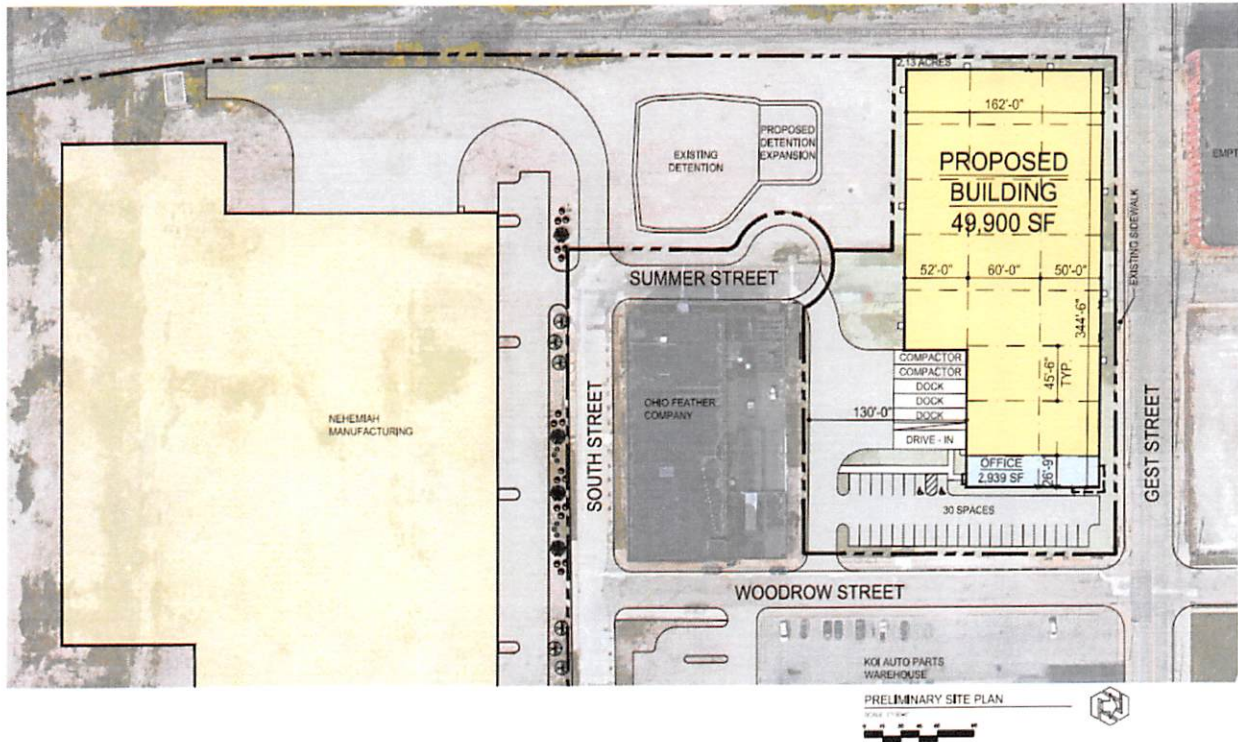
Attachment: A. Property Location and Site Plan

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

Attachment A: Property Location and Site Plan



Property Location - 1917-1933 Gest Street.



Site Plan