

August 2, 2021

To: Members of the Budget and Finance Committee 202102531
From: Paula Boggs Muething, City Manager
Subject: **EMERGENCY ORDINANCE – APPROVING AND AUTHORIZING
CRA TAX EXEMPTION AGREEMENT WITH SLD ENTERPRISES,
LLC AND BROTHERS EXPRESS, LLC**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with SLD Enterprises, LLC and Brothers Express, LLC, thereby authorizing a 12-year tax exemption for 100% of the value of improvements made to real property located at 5790 Center Hill Avenue in the Winton Hills neighborhood of Cincinnati, in connection with the construction of approximately 11,200 square feet of industrial space and approximately 2,800 square feet of office space, at a total construction cost of approximately \$1,780,000

BACKGROUND/CURRENT CONDITIONS

In June 2021, the Developer purchased 5790 Center Hill Avenue in the Winton Hills neighborhood. This property is located in the Center Hill Business Park and has been vacant for a number of years.

DEVELOPER INFORMATION

The Developer, SLD Enterprises, LLC, is an affiliate of Brothers Express, LLC. Brothers Express, LLC is a trucking company currently located at 7162 Reading Road in Roselawn.

PROJECT DESCRIPTION

The Developer plans to construct a 14,000 square foot trucking and warehouse facility composed of 11,200 square feet of industrial space and 2,800 square feet of office space. The total project cost is approximately \$2,179,050 (\$1,780,000 in hard costs). The project is expected to retain 35 full-time equivalent employees (FTEs) with a total annual payroll of \$2,150,000, to create 6 new FTEs with a total annual payroll of \$360,000, and to create 40 full-time temporary construction jobs with a total annual payroll of \$500,000.

PROPOSED INCENTIVE

DCED is recommending a 12-year, net 52% CRA tax exemption.

Pursuant to the Commercial CRA policy established by City Council, this project scored 11 points as indicated below which would merit a 12-year net 52% CRA Tax Abatement:

“But For” Analysis (0-3 points) *	3
LEED (0-6 points)	0
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	8
TOTAL	11

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

- This project will bring a long-vacant site back into productive use.
- Construction on this site requires the installation of a Methane Gas Evacuation System, which significantly increases the project’s pre-development costs.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$120,886)
VTICA (Forgone New Revenue)	(\$54,948)
Income Tax (Forgone New Revenue)	(\$640,395)
Total Public Benefit Lost	(\$816,230)
Incentive Value	
Annual Net Incentive to Developer	\$15,874
Total Term Incentive to Developer	\$190,487
City's Portion of Property Taxes Forgone	\$51,480
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$10,074
Total Term CPS PILOT	\$120,886
VTICA	
Annual VTICA	\$4,579
Total Term VTICA	\$54,948
Income Tax (Max)	\$640,395
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$816,230
Total Public Benefit ROI*	\$4.28
City's ROI*	\$15.86

PROJECT TEAM & TIMELINE

The project’s legislative team (listed below) is available to answer questions regarding this project.

- Assistant City Manager: Billy Weber (Ext. 3318)

CRA Agreement

SLD Enterprises, LLC and Brothers Express, LLC

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- DCED Deputy Director: Dan Bower (Ext. 1955)
- Project Attorney: Kaitlyn Geiger (Ext. 4544)

The anticipated council timeline is as follows:

- August 2, 2021: Budget and Finance
- August 4, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is needed so that the project can meet its construction commencement deadlines.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs



Property Location



5790 Center Hill Avenue