

December 6, 2021

To: Members of Budget & Finance Committee

From: Paula Boggs Muething, City Manager *W, ACM* 202103245

Subject: EMERGENCY ORDINANCE – AUTHORIZING LEASE & MANAGEMENT AGREEMENT WITH CORPORATION FOR FINDLAY MARKET

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute a *Lease and Management Agreement* with Corporation for Findlay Market of Cincinnati pursuant to which Corporation for Findlay Market of Cincinnati will lease and manage certain real property in the vicinity of Findlay Market in the Over-the-Rhine neighborhood for up to 10 years.

BACKGROUND/CURRENT CONDITIONS

The City of Cincinnati owns certain real property in the vicinity of Findlay Market in the Over-the-Rhine neighborhood, including the historic Market House at 1801 Race Street, land and ground-floor commercial bays at 111-113, 118-120, 129, 131 and 133 W. Elder Street, and surface parking lots to north, south and west of Findlay Market. These properties are under the management of the Department of Community & Economic Development. Since 2004, Corporation for Findlay Market (CFFM) has leased and managed the Market Properties for the City pursuant to a Lease Agreement and separate Management Agreement.

The existing Lease Agreement between the City & CFFM is in its third and final renewal term and expires on June 30, 2024. Pursuant to the Lease, CFFM leases the Market properties for \$1/year and is responsible for all routine maintenance and utilities. Except for the leased property located at 129, 131 and 133 W. Elder Street, the City is responsible for property taxes and all capital improvements.

The City and CFFM now desire to amend certain provisions of the existing Lease Agreement and Management Agreement and to consolidate the terms into one new Agreement. Related to this ordinance, the City will establish a new capital improvement program by ordinance (Council Item #202103157) for the purpose of providing \$1 million for necessary capital improvements at Findlay Market. The City and CFFM will negotiate a funding agreement following passage of that ordinance to complete the improvements. These improvements are necessary due to deferred maintenance and will replace building systems integral to the safe and efficient operation of the historic Market House, prior to CFFM taking on a new “triple-net” lease of the Market properties.

LESSEE INFORMATION

Corporation for Findlay Market (CFFM) is a private non-profit corporation established in 2000 at the request of the City to preserve and promote the historical, traditional, and cultural aspects of Findlay Market. Since 2004, CFFM has been responsible for the day-to-day operations of Findlay Market.

DESCRIPTION OF PROPOSED LEASE

Under the proposed terms of the new Lease & Management Agreement, the City will lease the Findlay Market properties for an initial 10-year term. The fair market rental value of the Market Properties is approximately \$254,500 per year; however, the City is agreeable to lease the Findlay Market properties to CFFM for less than fair market rental value, namely, \$1.00 per year because the City seeks to secure high-quality management services for the Market facilities in order to attract employers, create jobs, and to be a safe and attractive destination to facilitate commerce and the use and enjoyment by citizens and visitors.

The Lease & Management Agreement will be “triple-net”, and throughout the term CFFM will be solely responsible for all costs associated with the operation, maintenance, repair, and replacement of the Findlay Market properties. CFFM will use revenues derived from the Lease & Management Agreement to pay for customary operating & capital expenses associated with the leased property, with any excess revenue to be used for City-approved expenses that further the mission of CFFM within the Findlay Market District.

PROJECT TEAM & TIMELINE

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

- Assistant City Manager: Billy Weber
- DCED Director: Markiea Carter
- Project Attorney: Charles Martinez

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

- December 6, 2021: Budget and Finance
- December 8, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

