

August 2, 2021

To: Members of the Budget and Finance Committee

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

202102531

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
<b>TOTAL</b>	<b>11</b>

\* “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.

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

MB

**Attachment A: Location and Photographs**



*Property Location*



*5790 Center Hill Avenue*