

# BEREA CITY COUNCIL

*City of Berea, Ohio*

ORDINANCE NO. 2024- \_\_

By: \_\_\_\_\_ Sponsor: Mayor Cyril M. Kleem

## AN ORDINANCE

### **AMENDING THE COMMUNITY REINVESTMENT AREA (“CRA”) AGREEMENT WITH IRIS PROPERTIES, LLC. AND DR. CAITLIN S. FILIPS, INC., AND DECLARING AN EMERGENCY.**

**WHEREAS**, in Ordinance No. 2018-16, which is attached hereto as Exhibit “A” and incorporated herein by reference, this Council authorized the City to enter into a 10-year Community Reinvestment Area Real Estate Tax Abatement Agreement (“CRA Agreement”) with Iris Properties, LLC. (“IP”) and Caitlin S. Filips, Inc. (“DCF”) to facilitate the construction of a new 2,600 square foot optometrist office at 487 West Bagley Road on Permanent Parcel Number 363-02-059; and

**WHEREAS**, on July 16, 2024, the Cuyahoga County Tax Incentive Review Council recommended that Berea City Council amend the CRA Agreement with IP and DCF to reflect a change in circumstances relating to job creation; and

**WHEREAS**, prior to construction, Cuyahoga County established a taxable building value of \$79,900 which generated \$2,297 in real estate taxes; and

**WHEREAS**, after construction, Cuyahoga County established a value of \$189,900 for the new commercial building, with a taxable value of \$96,900 after the 49% tax abatement provided for in Ordinance No. 2018-16. Upon application of the abatement, the total tax on the commercial building was \$3,175. The City’s share of the total tax was \$476; and

**WHEREAS**, prior to construction, Cuyahoga County established a taxable land value of \$27,600, generating \$773 in real estate taxes, of which the City received \$116; and

**WHEREAS**, following the construction project, Cuyahoga County established a taxable land value of \$259,500 which yields the yearly real estate tax of \$8,504, of which the City’s portion is \$1,276; and

**WHEREAS**, due to the increased valuation, the City’s portion of the real estate taxes increased from \$460 to \$1,752, with the bulk of the taxes coming from the increase in the value of the land; and

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**WHEREAS**, prior to entering into the CRA Agreement, DCF made a long-range projection about the number of new employees it would need to hire to operate this new optometrist office; and

**WHEREAS**, the original CRA Agreement required DCF to retain three (3) full-time equivalent job positions, create two (2) new full-time equivalent job positions, and the new full-time equivalent job positions to generate \$70,000 in additional payroll; and

**WHEREAS**, as a result of the pandemic and changing customer expectations, DCF instituted changes to its business model, requiring fewer employees; and

**WHEREAS**, due to changes in regional labor force, DCF has also been unable to hire qualified employees, as further described in Exhibit "B", which is attached hereto and incorporated herein by reference; and

**WHEREAS**, considering changes in customer expectations and the regional labor force, DCF can commit to retaining three (3) full-time equivalent job positions as specified in the original CRA, but can only create one (1) new full-time equivalent job position at \$35,000 per year; and

**WHEREAS**, pursuant to the original CRA, if DCF had created \$70,000 in new payroll, the City would have received \$1,400 of new payroll taxes each year. However, should the original CRA be amended as outlined herein, the DCF will create \$35,000 in new payroll, and the City will receive \$700 in new payroll tax each year; and

**WHEREAS**, upon consideration of the changes of circumstances, which were reviewed by the Cuyahoga County Tax Incentive Review Council on July 16, 2024, it was recommended that Berea City Council amend the CRA Agreement with IP and DCF to reflect a change in the number of FTE jobs to be created during the term of the abatement.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of Berea, State of Ohio:

**SECTION 1.** That Section 2 of the CRA between the City of Berea and Iris Properties, LLC. ("IP") and Caitlin S. Filips, Inc. ("DCF") authorized in Ordinance No. 2018-16, which has heretofore read:

2. Job Creation and Retention. IP, DCF or the tenants of the Site shall work to estimate and create the equivalent of two (2) new full-time permanent job opportunities by December 31, 2023.

IP, DCF or the tenants of the Site will retain the equivalent of three (3) full-time permanent jobs during the abatement period.

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The increase in the number of employees to be created in accordance with Section 2 will result in approximately \$70,000 of new additional annual payroll for IP, DCF or the tenants of the Site. The entire increase in payroll shall be attributed to the creation of permanent employment positions.

**Shall be and is hereby amended to read as follows:**

2. Job Creation and Retention. IP, DCF or the tenants of the Site shall work to estimate and create the equivalent of **one (1)** new full-time permanent job opportunity by **December 31, 2025**.

IP, DCF or the tenants of the Site will retain the equivalent of three (3) full-time permanent jobs during the abatement period.

The increase in the number of employees to be created in accordance with this Section 2 will result in approximately **\$35,000.00** of new additional annual payroll for IP, DCF or the tenants of the Site. The entire increase in payroll shall be attributed to the creation of permanent employment positions.

**SECTION 2.** That all other provisions of the CRA Agreement authorized in Ordinance No. 2018-16 shall remain in effect and enforceable.

**SECTION 3.** That due notice of such Agreement has been provided by the Mayor (or his designee) to the Berea City School District and Polaris Vocational School District in accordance with current law and/or regulations, and that all other notices, requirements, application contents and/or reviews be otherwise completed and provided, as may be required or called for in said Agreement or pursuant to law.

**SECTION 4.** That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal actions were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

**SECTION 5.** That this Ordinance shall take effect and be in force at the earliest time allowed by law.

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PASSED:

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President of Council

ATTEST: \_\_\_\_\_

Clerk of Council

APPROVED:

APPROVED AS TO FORM:

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Mayor

\_\_\_\_\_, Director of Law