

BEREA CITY COUNCIL

City of Berea, Ohio

ORDINANCE NO. 2025- __

By: _____ Sponsor: Mayor Cyril M. Kleem

AN ORDINANCE

AMENDING THE COMMUNITY REINVESTMENT AREA ("CRA") AGREEMENT WITH BAGLEY ROAD PROPERTY 1, LLC (BRP1) AND RED CEDAR COFFEE CO. LLC (RCC)

WHEREAS, Ordinance No. 2021-31 authorized the City to enter into a 10-year Community Reinvestment Area Real Estate Tax Abatement Agreement ("CRA Agreement") with Bagley Road Property 1, LLC. ("BRP1") and Red Cedar Coffee Co, LLC. ("RCC") to facilitate the construction of a new facility containing a coffee roastery, food service with a drive through, retail space, offices, and production area at 1185 West Bagley Road on Permanent Parcel Number 361-34-022; and

WHEREAS, the CRA Tax Abatement Agreement abated 49% of the value of the new building to be constructed, however, 100% of the value of the land would still be taxed at the normal rate; and

WHEREAS, the property subject to the tax abatement had been the location of a residential home that was a non-conforming use in the Bagley Road Commercial Zoning District; and

WHEREAS, it was determined that construction of the new facility would allow an existing Berea business an opportunity to build and own its own facility and eliminate a non-conforming use; and

WHEREAS, prior to this new construction project, Cuyahoga County established a taxable building value of \$110,300 which generated \$4,382 in real estate taxes, of which \$657 was due to the City; and

WHEREAS, following this new construction project, Cuyahoga County established a value of \$290,700 for the new commercial building with a taxable value of \$148,500 after the 49% tax abatement. Currently, the yearly real estate tax on the commercial building, with the 49% abatement, is \$4,652, of which the City's portion is \$698; and

WHEREAS, prior to this new construction project, Cuyahoga County established a taxable land value of \$46,900 which generated \$1,307 in real estate taxes of which \$196 was due to the City; and

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WHEREAS, following this new construction project, Cuyahoga County established a taxable land value of \$172,200 which yields the yearly real estate tax of \$5,394, of which the City's portion is \$809; and

WHEREAS, the City's portion of the real estate taxes has increased from \$853 to \$1,507 following the construction of the new commercial building with the bulk of the taxes coming from the increase in the value of the land; and

WHEREAS, prior to entering into the CRA Agreement and pre-Covid, BRP1 and RCC made a long-range projection about its business model, customer base and potential sales to estimate the number of new employees it would need to hire to operate this new facility; and

WHEREAS, the original CRA Agreement required BRP1 and RCC to retain four (4) full-time equivalent job positions, create four (4) new full-time equivalent job positions, and the new full-time equivalent job positions to generate \$109,000 in additional payroll; and

WHEREAS, the changing business landscape due to the pandemic, and the fact that RCC conducts more internet sales than it did pre-pandemic, RCC instituted changes to its business model that require fewer employees; and

WHEREAS, due to changes in the regional labor force, RCC has been unable to hire qualified employees; and

WHEREAS, considering these changes, BRP1 and RCC can retain four (4) full-time equivalent job positions, but only create one (1) new full-time equivalent job position at \$45,000 per year; and

WHEREAS, the City enacted a 2% tax on all payroll, and had BRP1 and RCC created \$109,000 in new payroll, this would have created \$2,180 of payroll tax each year. However, should BRP1 and RCC create \$45,000 in new payroll, this would create \$900 in new payroll tax each year; and

WHEREAS, on August 5, 2025, the Cuyahoga County Tax Incentive Review Council recommended that Berea City Council amend the CRA Agreement with BRP1 and RCC.

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

SECTION 1. That Section 2 of the CRA Agreement between the City of Berea and BRP1 and RCC, which has heretofore read as follows:

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2. Job Creation and Retention. RC and BRP shall work to create the equivalent of four (4) new Full Time Job Opportunities or Full Time Equivalent Job Opportunities within twelve months after obtaining the Final Occupancy Permit for the Project.

RC and BRP will retain the equivalent of four (4) 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 \$109,000.00 of new additional annual payroll for RC and BRP. 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. RC and BRP shall work to create the equivalent of one (1) new Full Time Job Opportunity or Full Time Equivalent Job Opportunity by December 31, 2026.

RC and BRP will retain the equivalent of one (1) full-time permanent job during the abatement period.

The increase in the number of employees to be created in accordance with amended Section 2 will result in approximately \$45,000.00 of new, additional annual payroll for RC and BRP. The entire increase in payroll shall be attributed to the creation of the permanent employment position.

SECTION 2. That all other Sections, provisions and requirements of the CRA approved in Ordinance No. 2021-31, except as otherwise amended herein, shall remain in full force and effect.

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 from and after the earliest period allowed by law.

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PASSED:

President of Council

ATTEST: _____
Clerk of Council

APPROVED:

APPROVED AS TO FORM:

Mayor

Date

Director of Law