

point of view

ROLDO BARTIMOLE

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Rape of the City

With almost no public debate of future impact to the city and school system, Cleveland officials are posed to give away nearly all new property taxes for the next 20 years on the four major downtown developments since the 1920s.

Through 20-year, 100 per cent tax abatements, and now 20-year, 75 per cent Tax Incentive Financing (TIF) deals, the city will divert almost all new property taxes to corporate interests. Some 75 per cent of the money to be given away by George Forbes and George Voinovich - the real estate politicians - will be straight from the Cleveland schools.

Forbes, Voinovich and Cleveland corporate leaders cry crocodile tears for the schools as they rob the future income of school children. A bankrupted school system may be the legacy of 10 years of corporate dominated leadership.

Here we go:

- Society Center. Already fully abated for 20 years for the Jacobs Bros. About \$120-million tax loss. Major tenants: Squire, Sanders & Dempsey and Society Bank, both already located downtown.

- Ameritrust Center. On line for another 100 per cent abatement for the Jacobses, ranging in value from \$128-million to \$224-million, depending upon whose figures you accept. Major tenant: Ameritrust bank, already located in downtown Cleveland.

Tower City. Already soaked in more than \$80-million in tax subsidies for the grasping Forest City Miller & Ratner families, plus a fully abated luxury Ritz-Carlton hotel, now wants 75 per cent of ALL other new taxes from its project to be diverted by TIF to the Rock 'N Roll Hall of Fame. Voinovich proposes to divert \$40.5-million to the Rock Hall (More later).

Progressive Insurance. This proposed lakefront development, also 75 per cent abated through TIF, with some \$88-million in tax revenue to be used

instead for office, hotel and retail structures. Progressive, already located in the Cleveland area, would move into Cleveland. Progressive a week ago was put on credit watch by Standard & Poor out of concern about its credit problems.

TIF - not yet used in Cleveland - will replace the politically unpalatable tax abatement as a means of diverting tax money to private uses by the richest interests in the city.

As a result of these proposals most of the expected tax revenue from the largest developments downtown since the 1920s will be diverted for the next 20 years from governmental use, though city services and infrastructure needs will continue to demand public funds.

From schools to parks to parking the city will still have responsibilities but the tax funds will have to come from elsewhere.

Voinovich and Forbes, traditional servants of corporate interests, have been major actors in the modern redistribution of wealth - using government to collect from the many and give to the rich.

It is not surprising that - as with tax abatement - Squire, Sanders & Dempsey leads the way again in helping divert tax revenue from the schools. Jack Dowd of Squire-Sanders represents the Rock Hall proponents now attempting to divert \$40.5-million in property taxes from Tower City to the Rock Hall. Of that, \$26.3-million would come DIRECTLY from the Cleveland schools.

But Squire-Sanders has become expert in taking from the schools at the same time Squires managing partner John Lewis cries concern about the Cleveland schools. His firm becomes a major recipient of legal fees, not only from the schools, but abatements and TIF, to say nothing of the benefits of its future occupancy in Society Center, a direct recipient of lost school dollars through the abatement to the Jacobses.

RAPE OF CITY (CONT. FROM PAGE 1)

At the city council hearing, the Rock Hall proponents - led by Dowd and Robert Broadbent of Higbee's (located in Tower City, thus recipient of the tax favors too) - had the unmitigated gall to sell their project as an "educational" vehicle, when they are in effect directly taking from the education of Cleveland's school children.

And school supt. Al Tutela - always eager to praise Cleveland corporations for helping the schools - silently allows the future tax base of the schools to be siphoned off by the very people he so praises.

And the "reform" school candidates - led by Wesley Dumas and Frank Johaneke - will have a lot of explaining to do about their silence on this corporate-hand-in-the-pocket of Cleveland schools. Their silence speaks loudly.

Will they then turn to the public for new financing of the money they allowed to be taken by such nonsense as Neiman Marcus, new shopping malls and Rock Hall by business leaders who care as much about music as they do schools?

Despite the fact that the music business represents a multi-billion dollar industry, Cleveland's business leaders are begging welfare like a bunch of fakers, hat in hand, at city hall.

Though the figure most cited as the city's contribution through TIF is \$15-million, the actual cost to the treasury will be \$40.5-million of property taxes.

It works this way. The city will be supposedly giving \$15-million to pay off bonds. But the \$15-million bonds, because of interest payments (the city actually will at first borrow not only the principal but the interest since no income will be derived from the hall for some time) the cost will be \$2.05-million per year, 75 per cent of the expected taxes of \$2.7-million, or \$40.5-million over the 20-year period.

That applies to 75 per cent of the expected taxes from the renovation in the bowels of Terminal Tower, other retail in the Terminal back area, the building being constructed with the fully-abated Ritz-Carlton, another building set for the other side of the luxury hotel, the converted old Post Office building, and the new Neiman Marcus building. Further, on most of these buildings Tower City developers have received UDAG low interest loans.

One has to remember that Tower City already has had more than \$80-million in other governmental subsidies.

Further, there's little talk about operating costs for the Rock Hall, other than unverified income based on a lot of hopefully attracted tourists, some 600,000 annually.

You can expect corporate leaders will be hat-in-hand to the city or county for operating subsidies, just as the county now quietly subsidizes Playhouse Square theaters to the tune of some \$750,000 every year by picking up real costs of the buildings housing the theaters but owned by the county, which only charges \$65,000 in rent.

The Rock Hall is a perfect example of rich corporate interests robbing the public treasury with the subservient news media playing boosterism tunes.

For the Cleveland school system, no one can hear the funeral march.

Led by Broadbent (one look at the Higbee executive and you can spot a serious rock 'n roller), and including such other rockers as Frank Mosier of BP America, Dick Pogue of Jones, Day, Reavis & Pogue, and Dick Kelso of East Ohio Gas, the top leadership of the city wants to take hundreds of millions of future school revenue to finance what directly effects their businesses.

Truth is that Cleveland has no right to be the rock 'n roll capital anyway. It's merely a gimmick for these money grabbers.

Long ago, these same corporate interests force the closing of the kinds of night spots that might have furnished the ferment for this music. Now - simply because it's become a business - they believe they can make Cleveland the center of the rock 'n roll universe with a from-the-top imposition of something that has no real tradition here.

The music these hypocrites hear is the sound of the cash register - and they want it free and easy on the government.

They are, of course, the same Republican corporate leaders who want to limit the government when it comes to lower income needs.

Some say that Voinovich will be remembered as the mayor who saved the city from bankruptcy. But instead his memorial may be that he engineered the bankruptcy of the Cleveland school system.

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SUMMER SCHEDULE - This is the final issue of Volume 21. For July & August, one issue per month.

STOUFFER DEAL STINKS

The Stouffer Corp.'s sweet scheme to pick off scarce and historic Settler's Park land on the Cuyahoga River on the cheap from the city looks like another "insider" deal.

There are connections between Stouffer's and the mayor and council president that make the two politicians partial to Stouffer's needs.

Stouffer's is sometimes represented by Mayor George Voinovich's old firm, Calfee, Halter & Griswold, which has gotten plenty of business out of city hall since Voinovich arrived.

And - until last year, managing partner Bruce Griswold of Calfee, served as a member of the board of directors, not only of Stouffer's but of its parent - Nestle. He is still listed in the 1989 Standard & Poor directory as a member of Stouffer's board of directors.

Nestle also takes - for an international company based in Switzerland - an amazing interest in George Forbes.

Nestle gave the highest donation - \$10,000 - to the campaign fund to save Forbes from the ballot issue of C-FORCE that would have limited the term of the council president.

Add to these matters, the interlocking relationship of a number of Cleveland civic organizations, particularly the powerful Cleveland Tomorrow, recently headed by James Biggar of Stouffer's, and there are plenty of political connections between the corporate entity and the Voinovich-Forbes give-away city hall.

With Mayor Voinovich strong in debt to these corporate interests for past campaign donations and the mayor headed into a heated gubernatorial race, the desire of Voinovich to please Stouffer bosses couldn't be higher.

Forbes too is highly desirous of ingratiating himself with the big money boys.

These selfish political needs give way to the public good and the historic nature of this latest give-away. The spot Stouffer's wants for a restaurant - city owned historic land - has been designated as the place Moses Cleveland first landed to establish what is now Cleveland.

It's describe thusly in Rose's Making of a City: "The General probably worked his way into the river through one of the narrow passages to an Indian trail that ascended the hill near the foot of St. Clair past a spring on the east bank.

"No formal ceremony took place as Cleveland mounted the bluff to scan the surroundings - the wooded hills, the blue waters of the lake and the swamps along the river. This site that became the 'capital' town of the Western Reserve, located strategically for communications by land and water, was envisioned by George Washington's map studies of the northwest some years before."

Now that piece of valuable and historic property sits strategically for a Stouffer restaurant, so the hell with history, the hell with public land, the hell with the public.

And not only will the city, under the proposed lease, give Stouffer the right to build a restaurant on public land, but the park itself will merely become an extension - almost for free - of the restaurant environs.

Quoting from the lease: "... as the owner of the Park (the city) shall use or permit the use of the Park as a passive urban park, for such public recreational uses as may be consistent with and would not be detrimental to, or interfere with, the operation of a First-Class restaurant on the Premises, and for such other uses as may be approved in writing from time to time by Lessee (Stouffer)."

And another example of the favorable treatment Stouffer's gets can be seen by the terms that suggest that Stouffer's is doing the city a favor. Stouffer will pay \$10,000 toward the upkeep of the park yearly.

Not one week before the Stouffer legislation was sent to council, the roll-over city council heard the Voinovich administration claim (to the benefit of the Jacobses and their lease of Mall A city land for a parking garage) that it would cost the Jacobses \$100,000 a year for upkeep of the park that will sit atop Mall A garage. Thus the Jacobses had to be given special treatment since they were paying for the \$100,000 upkeep annually.

Now - at Settler's Landing - a park much harder to maintain is being turned over to Stouffer as its front yard and the city will have to maintain all costs above the \$10,000 contribution of Stouffer.

If you took the Mall A park as a guide, Stouffer is paying 10 per cent of the cost and the city thinks it's negotiated a bargain.

Actually, a plan - under a proposal earlier fashioned by the Trust for Public Land for this site - would have caused Stouffer not only to pay for or create an endowment fund to pay for the full cost of maintaining the Settler's Landing park - but to pay the full cost of creating the new park.

But Stouffer apparently was unwilling to bear that cost and instead of dealing with the Trust for Public Land, went to city hall for a deal.

And there Stouffer found a friend or two.

Not at all unusual during the 1980s as we view from city hall the selling of the city.

The city should tell Stouffer to built its restaurant on its land. Then the city should set about finding the money - which it should have had but spent it elsewhere - to properly create a Settler's Landing park that would befit its historic nature.

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COST TO SCHOOLS ABATEMENT

For those who argue that tax abatement doesn't cost the schools any real money, let them take a look at the BP America building on Public Square.

Originally, Standard Oil of Ohio (SOHIO) - now BP America - wanted tax abatement in order to be able to construct its headquarter building in Cleveland. And the abatement actually was authorized in 1977 by city council.

But by the time SOHIO got around to building, the company changed the site to Public Square, and the tax abatement climate had changed - the victim of a poor political climate for give-aways. So SOHIO built - as it once said it couldn't - without tax abatement.

Now, after four taxable years, BP America, SOHIO's survivor, has paid \$14.2-million in property taxes, some \$9.23-million of that to the Cleveland city schools, on its headquarter building at Public Square.

That's \$9.23-million dollars in real money that the schools - had tax abatement been granted - would have had to forgo for the last four years.

Further, since the first year on the tax roles, the market value of the BP America building has rising from \$136-million to \$189-million, a 38 per cent increase.

That means that the market value of the property has continued to rise and the taxes follow.

Presently the taxes on the building

are \$3.9-million, \$2.5-million of that goes to the Cleveland schools annually.

Those are tax dollars that across the street on Public Square, George Forbes and George Voinovich - both running for higher office - want to abate fully for the next 25 years to the Jacobs Bros., thus deprive the schools, the city and county of that revenue.

Even with the full tax, BP America is getting a bargain, paying far less than it should be paying in property taxes because of the court ruling that requires commercial property to be taxed at the same rate as a home.

But at least the schools are getting something from that building.

Right now the city tax abatement committee - named by Voinovich and Forbes to supposedly advise the city on abatement matters - is merely going through the motions of assessing the \$128-million or \$224-million tax abatement (depending upon whose figures you accept) to Ameritrust Center, the headquarter building for Ameritrust bank and development of the multi-millionaire Jacobses.

Ameritrust and Jacobses don't want to pay their property taxes.

The market value and taxes for the BP America building by year are as follows:

- 1985: \$136-million market value, \$2.9-million property taxes; 1986 - \$161-million value, \$3.6-million tax; 1987 - \$177-million value, \$3.8-million tax; 1988 - \$189-million value, \$3.9-million tax.

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*"I shall continue to be impossible
so long as those who are
now possible remain possible.*

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