
CITY OF BEACHWOOD ACQUISITION OF FAIRMOUNT TEMPLE PROPERTY – FREQUENTLY ASKED QUESTIONS

1. Why are you buying this building and the land around it?

In this situation, the interests of the City and Anshe Chesed Fairmount Temple (Fairmount Temple) were in alignment. An expeditious sale of the property was preferred by the congregation as it enters into an historic merger with The Temple-Tifereth Israel. Mayor Berns and the administration saw the situation as a once-in-a-lifetime opportunity to purchase a 17-acre property in a highly visible location on a well-known street with the idea that the appropriate use of the property will come later, after a visible and open public process. He then took this idea to City Council which quickly saw the benefits to the City, followed by the support for the purchase at the open City Council meeting on June 18.

The congregation's other choice would have been to hire a broker and to put the property on the commercial real-estate market. In that case, it would have delayed the sale of the property for months and added uncertainty into the process for both the congregation and the City since any prospective buyer would have required that the property be rezoned from institutional use to higher density residential in order to permit subdividing it into buildable lots for single family homes, cluster homes, or a large apartment building. In that case, the City would have been presented with a single choice - to rezone or not. By purchasing the land, the City will control the specifics of how the land will be used or developed.

2. Why did you take this action in relative secrecy, doing so behind closed doors and without any citizen input?

The Ohio Revised Code and City ordinances permit city councils and this Council to discuss the acquisition of property in executive session. This code provision has existed in Ohio and across the country for decades. The reason for this common provision is to prevent sellers, buyers and speculators from artificially inflating prices. The actual vote to purchase property, however, must be done in open session, as was the case in this situation.

3. I understand the city has an appraisal for \$6.5 million dollars. Why are you spending \$8 million to acquire the building and property?

Property appraisal is an art form, not a science. It's most accurate when you compare the selling price of, for example, a house and parcel of a certain size on Halcyon Road with the same size house and parcel in the same neighborhood that sold within the previous year. Over the last year, let alone the last 10 years, there hasn't been a sale of a synagogue and attached educational wing in Beachwood, so clearly an apples-to-apples comparison isn't available. Appraisers do the best analysis that can be done by looking at other property sales and, most importantly, what would be a reasonably certain zoning of the property going forward. It was the collective consensus amongst City administration and City Council that this was a fair price.

4. \$8 million dollars is a large sum. How does this purchase affect our city's budget, our investments and our credit rating?

From a financial standpoint, the city is treating this as a transfer of reserve fund monies that are normally invested in federal bonds and CDs and rolling them over into the purchase of this property. This purchase represents approximately 15.7% of our reserve fund balance and will not affect other parts of the city's budget or our credit rating. It is important to keep in mind that if the property ends up being used for anything other than purely municipal or public use, the City will be able to recoup the cost.

5. How much will it cost to demolish the building? Is there asbestos in the building?

The building was built in the 1950's. We have to assume that there is asbestos in the building. We have not yet solicited any estimates on what it would cost to demolish the building. Also, we haven't asked for any estimates on what it would cost to convert any or all of the building into residences or any other non-religious use.

6. What COULD the property and building be used for?

Both the Mayor and City Council want to stress that nothing has been decided and that there will be an open public process leading to that decision.

Just a few possibilities include a public use of the existing building (which would require substantial rehab dollars, of course) or perhaps community amenities, like playing fields, other recreational uses or other City services...the list is long. It's also possible that the community and Council might explore options that could generate economic benefits for the city in the form of new income tax dollars from people living in new residences that could be created on this parcel, possibly in the form of affordable empty-nester housing.

7. When will the city take ownership of the building and property?

Fairmount Temple's board of trustees approved the sale on June 18. Immediately after, the Beachwood City Council approved the purchase, with a closing on July 30. We will give plenty of time to Fairmount Temple to remove certain personal property and religious fixtures that are stipulated in the purchase agreement. Once ownership transfers, the City's insurance policy will begin to cover the building and property.

8. Why aren't you spending this money instead on lighting, sidewalks or other important projects?

The purchase of the Fairmount Temple property doesn't preclude spending money on lighting, sidewalks or other community necessities and amenities. City Council continues to look forward to receiving community input on those possible expenditures and to making decisions on those issues. But the reality of the situation is that the acquisition of Fairmount Temple and the 17 acres it sits on had to be acted upon immediately.

9. Please explain more about how the purchase of this property puts the City in the driver's seat, as opposed to a sale on the open market.

Plain and simple, the purchase of the Fairmount Temple property by the City ensures that the future use of the property will be determined through a public process, involving input from the community.

One example of a possible process that Beachwood could use is the Top of the Hill project in the Cedar-Fairmount neighborhood of Cleveland Heights. While no one is contemplating a dense, mixed-use development like Top of the Hill for the Fairmount Temple property, that development was done on property owned by the City. Rather than issuing a *Request for Proposals* and then having to select only from one of the proposals presented, the City instead chose to issue a *Request for Qualifications*, giving Cleveland Heights extraordinary flexibility to first select a developer and then work closely with that developer to design and build to specifications given to them by the property owner – which was the City. Regardless of which request is issued – or if a request is even issued at all – we offer this example to point out that the purchase of the Fairmount property gives the City ultimate control over what happens with this property.

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