



Memo hints at Eaton's issues with Flats site

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4:30 am, October 20, 2008

Last spring, after months of negotiations to put together a deal to create a new headquarters in the Flats for Eaton Corp., the public officials working on the transaction were presented by the corporate giant with a list of requests.

It's unclear whether the requests were make-or-break issues or whether Eaton simply was acting as a typical tenant trying to get as much as it could in a negotiation. Either way, the deal didn't happen, as Eaton last month announced plans to move to a greenfield site in the 630-acre Chagrin Highlands development in Beachwood.

The land in downtown Cleveland that Eaton had targeted is adjacent to the big Flats East Bank mixed-use project now under construction and is owned by the Cleveland-Cuyahoga County Port Authority. The company had agreed to pay \$11.4 million for the land, a reasonable price for downtown waterfront property.

But Eaton's requests raise questions about whether the diversified manufacturer really was ready to be an urban pioneer, the first corporate office tenant on what has been an industrial waterfront.

Among Eaton's requests:

- n The warehouse east of the site that obstructs views east towards Cleveland Browns Stadium should be removed;

- n The concrete storage silos and piles of stone stored at a dock along the Cuyahoga River to the west of the planned development should be moved; and

- n A planned 20-story office building at West Ninth Street and Main Avenue to the south, with the Tucker Ellis & West law firm and the Ernst & Young accounting firm as key tenants, should be designed so it doesn't impede the views of the city center from the Eaton building.

Eaton also sought assurances about design standards for the rest of the waterfront redevelopment.

An answer to those requests was prepared by Adam Wasserman, president of the Port Authority, in a June 26 memorandum obtained as part of a public records request by *Crain's Cleveland Business*.

In his memo, Mr. Wasserman explained the Port Authority's need to maintain its dock operations, its obligations to its existing tenants and to consider broader issues related to the redevelopment of the Port Authority's property. Mr. Wasserman last week declined to comment about the memo.

Spokespeople for Eaton and Flats East Bank Developers LLC, a joint venture between the Wolstein Group and Fairmount Properties LLC that would have leased the planned building to Eaton, also wouldn't comment last week.

Wary of a warehouse

Some of Eaton's concerns were typical of anyone moving to a new neighborhood and constructing a building. Others indicate Eaton wanted clear sight lines and pristine vistas from its new perch.

Eaton wanted razed Warehouse A, a 144,000-square-foot blue shed built on the docks in 1975. Mr. Wasserman wrote in the memo that the warehouse "is critical to the operations of the Port of Cleveland and cannot be removed unless and until the Port relocation has been completed." He noted that the building is used to store steel that comes into and out of the port and has the only overhead crane on the docks.

Eaton also asked that unsightly concrete silos and crushed stoned stored along the Cuyahoga River to the west of the planned development be removed, in part because the trucks that pick up the materials for distribution around the region would pass close to the proposed campus.

Mr. Wasserman wrote back that the port was willing to negotiate relocation with its tenants if Eaton and/or the developer would assume what he estimated was a \$15 million cost to complete the move.

Essroc Corp., an international cement maker based in Italy, leased the land from the Port Authority and built the silos in the late 1990s. Its lease runs until 2027.

These requests suggest Eaton was uncomfortable being surrounded by the kind of activities that are integral to the operation of an industrial port.

Two-story time

Two other negotiating points made it clear that Eaton wanted its new home to be the crown jewel dominating the waterfront.

It asked that the building planned for the home of Tucker Ellis and Ernst & Young be designed so that it does not impede Eaton's view east toward downtown. Mr. Wasserman sidestepped a direct rejection of that request, but included a drawing that showed the sight lines to the central business district.

"As with any dynamic urban locale, there will be changes, from time to time in the Cityscape," Mr. Wasserman wrote in his memo. "The proposed E&Y tower, as shown on the attached site (sic) line study, will be a wonderful new addition to the City's skyline, and very much a part of Eaton's views to the CBD."

Eaton also asked that all future buildings on the waterfront land be restricted to no more than two stories.

While an actual size and height of a Flats headquarters were never disclosed, most corporate headquarters would need to be more than two stories. The company now occupies half of the 28-story Eaton Center on Superior Avenue.

Mr. Wasserman responded to that request by saying the port would include Eaton and other stakeholders in the planning process, as yet unfinished, for the redeveloped waterfront.

But, he wrote, "To build out the site to the North with only 2-story buildings will make Eaton's larger mass appear out of scale with the suggested smaller structures to the North."

Land to fill

The problem for the city and the Port Authority was that the Eaton building would be the first, unanticipated phase of the redevelopment of the Port of Cleveland.

Last year, the Port Authority said it would like to move from the 80 acres it now occupies along the waterfront in downtown Cleveland to a new site, to be created out of landfill, at East 55th Street. That move is expected to happen in phases over 20 years.

The Port Authority and the city of Cleveland, which leases some of the dock space to the Port Authority, agreed to

the Eaton project even though they did not have a master plan for the property the Port Authority eventually would abandon. It is unlikely that any Port Authority operations will move for at least five years.

The city's waterfront plan, adopted when Jane Campbell was mayor, designates the port land for mixed use, but no detailed redevelopment plan has been created to map out how best to make use of the valuable land.

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