

City of Olmsted Falls
Minutes of a Special Council Meeting
Tuesday, August 29, 2017, at Olmsted Falls City Hall
26100 Bagley Road – Council Chambers, 6:30 p.m.

The Pledge of Allegiance was recited. Mayor Ann Marie Donegan called the Special Meeting to order at 6:33 p.m. Roll call was conducted. Present: Councilmen Linda Garrity, Jim Haviland, Bob Sculac, Ed Gorski, Paul Stibich, Terry Duncan, and Kyle Miller.

Also in attendance: Gregory M. Sponseller, Law Director; and Mike DeSan, Asst. Finance Director. Audience: 16.

MAYOR'S REPORT AND APPOINTMENTS

Mayor Donegan stated that this is a condensed special Council meeting so the communications from residents will be limited to agenda items. There is only one communication from residents form which will be discussed at the next regular Council meeting.

Mayor Donegan indicated that Mr. Klimchak was a former member of the Planning Commission but had to resign due to his employment as he was out of town regularly. He has recently received another position and will have more availability.

Mr. Sculac moved to **appoint** Terry Klimchak to the Planning & Zoning Commission term to expire 12/31/2019; Mr. Stibich **seconded**. Poll: 7 ayes; 0 nays. **Motion carried**.

Holton/Metropolitan Flooding – Mayor Donegan stated that in March of 2016 Council received an engineering report on remedies for the flooding with an approximate cost of \$200,000. We have revisited this issue and is one of the last areas with drainage problems. The engineer will be developing a couple of proposals that will be submitted to Council. She is merely informing Council of this continuing work in order for these costs to be considered during the budget planning process. She is unaware of any costs at this time but believes the maximum would be \$200,000.

She stated that budget discussions will be forthcoming and believes Mr. Sculac will be looking for an overview in October. Mr. Sculac replied yes.

She stated that the turnpike bridge will be opening at the end of the week.

She reported that two community health officers have been hired for the Community Paramedicine program. Again, this is a grant funded program and we are working on getting the program running. The officers hired are Randy Kimbro and Dean Souris.

She has asked Mr. Borczuch and Mr. Sheehy during their analysis for next year's road repair that they strongly consider Hickory. It is hard to take \$250,000 and stretch it across the city. We

generally rely on the primary and secondary roads but Hickory is in bad shape and she has asked them for strong consideration.

The NOACA grant, the planning grant we have been working on as well as the Mill Street beautification both were awarded NOACA grants. These are the first two successful grants that the city has ever received in the history of NOACA. Some improvements will be starting on the Drug Mart Plaza which will be privately paid for by Omega Realty. Those improvements include removing the old 1970's looking signs and she believes Council will be happy with the new structures which will be completed as part of the ongoing signage and beautification of downtown. She stated that instead of having the business names located at the Bagley Road street level they have agreed to place markers above each business, like Drug Mart, and will be visible with light fixtures. This has been a three year process and these enhancements will be worked on in the next 9 to 12 months.

We will also be applying for another NOACA grant. She would like to make a statement regarding the third grant the city applied for but did not receive which dealt with the Columbia Road corridor and getting some sidewalks and bike paths down Columbia Road. The idea of the master plan as well as the overall arching plan is connectivity. We will be applying again for those things and will hold a quasi-public hearing. Notices will be sent out through Ready Notify and other means. At the next Council meeting we will hear from people on the need for sidewalks from Sprague to downtown is necessary which will serve as points for us for the whole Columbia Road corridor expansion. We have even talked about the area by Gibbs and a collaboration between Lorain and Cuyahoga Counties. The grant is due October 1st. Mr. Haviland asked if this was a TLCI. Mayor Donegan replied it is and they have increased the money to the TLCI planning and implementation to two million dollars. We are working with a couple of engineers and planners from NOACA. A city like ours who would not necessarily get funding like the City of Lakewood and others that are more closely related to Cleveland are getting opportunities for grants. We have received a little over a quarter million dollars from NOACA in grants, which is quite substantial.

She stated that Full Color Resources, a local business, has donated signage for Christians in Action so you will see some improvements and signage on the front of the building. We are also adding Olmsted Recreation and Jenkins Place to the signage out in front.

She stated that the city received 16,322 hits on Facebook related to Olmsted Falls placing number two as the safest and most peaceful places to live in Cleveland, which is pretty substantial.

She stated that we have had a resident come forward with issue as it relates to the Northwood street signage and the fact that there were some issues getting mail delivered. We began researching this issue back in June and found that E. Northwood was changed to Northwood in September of 2005. They put up the "East" and put Northwood. She informed the county that the City of Olmsted Falls needed clarification on the street name as shown on the fiscal officer's website as the address is listed as East Northwood while in reality it should be Northwood, per the recorded plat and adjacent sub-lots. The county indicated that it appears the "E" was added as a direction by the fiscal officer. The city asked that the street name of Northwood be confirmed and that it has not changed, and how the error could be corrected for these parcels. Their response was that there was an error in the records at the fiscal officer website that incorrectly added an "E" to the name of the street on only two of the properties. This issue goes back some time before any of that development occurred. The county indicated that this is not a city issue but a mistake that was made at the county

and they will be working to get the issue resolved. It is important to remember that this really has no bearing on anything the parcels still have the same street address and permanent parcel tax responsibility. This was just a clerical error many many years ago when someone entered into the data system wrong at the county offices. So, the street is Northwood and will not be changed back to East Northwood. It appears that this error goes back quite a while when Northwood was correctly changed from East Northwood in September of 2005. We will be sending some letters to the Northwood residents advising them of this particular issue.

We have had very successful city events this summer. She is not sure if any of Council have don't been a part of the Evening in the Falls or Vintage Marketplace but clearly a lot of activity which is very positive. She went into the Artist Colony over the weekend and the owner reported that the Vintage Marketplace proves to be very successful for her business, so positive effects. We will get all the numbers as to what the city actually spent which was not much as we did get a lot of sponsors.

Mr. Sponseller stated that the old library property has closed. As you will recall, with guidance and direction from Council conditions were added to the deed which he wants to put on the record. Number one, the city retains the right of first refusal to reacquire the property from the grantee if the grantee tries to sell the property and is able to have a bona fide purchaser. Secondly, in the event that the grantee wants to utilize the property for something other than a restaurant or tavern the city retains the right to reacquire the property at a price equal to what we received in this transaction plus any escrow costs paid by the grantee or the city may waive that in writing. Thirdly, the grantee secured from the city a right of first refusal in the event the city looks to sell the property immediately to the west of the old library. These conditions are part of the deed to the property.

Secondly, last week the Nyland's filed an administrative appeal with the Common Pleas Court, which will be discussed in a future executive session.

Finally, as Council recalls a separate lawsuit was filed in Federal Court by Mr. Bowman against the city and he is pleased to say that the city's motion for summary judgment has been granted in favor of the city and this case is closed. The work removing the abatement of the nuisance continues and will likely be completed this week and the site has significantly improved. Additionally, some funds were obtained as a result of the sale of some of the material on the property in the amount of approximately \$5,500 which will be used to defray some of the administrative costs involved.

Mayor Donegan stated that this has been a 15 year junk yard issue that has been litigated and in 3 ½ years we were able to bring closure with the opportunity to recoup some of the money that was spent on legal costs again.

COMMUNICATION FROM RESIDENTS – None related to agenda items.

NEW BUSINESS

Ordinance 38-2017

AN ORDINANCE AUTHORIZING THE DIRECTOR OF PUBLIC SERVICE TO ADVERTISE FOR BIDS FOR THE RENOVATION OF THE SECOND FLOOR OF THE CITY ADMINISTRATION BUILDING TO FACILITATE BUSINESS AND ECONOMIC DEVELOPMENT IN THE CITY AND DECLARING AN EMERGENCY **First Reading**

Mr. Sculac moved to **suspend**; Mr. Gorski **seconded**. Voice Vote: 7 ayes; 0 nays. **Motion carried**. Mr. Sculac moved to **waive** the reading in its entirety; Mr. Gorski **seconded**. Voice Vote: 7 ayes; 0 nays. **Motion carried**. Mr. Sculac moved to **adopt**; Mr. Haviland **seconded**.

Ms. Duncan stated that when we originally discussed this issue at a Council meeting the \$225,000 that we obtained from the sale of the old library was ear marked to renovate the upstairs so we could start leasing the property upstairs. She asked Mr. Presley if there were any fiscal reasons why we should may be renovate part of the upstairs now and part later. He indicated to her if that occurred it might actually increase the costs because generally speaking if they renovate the whole floor the bids may come in lower rather than delaying because costs will go up as we all know. She stated that since we have somebody lined up to rent part of the footage upstairs it would be rude to renovate the rest of floor because that could be disruptive to his business. Mr. Stibich asked if the plan was that the renovations would cost \$225,000. Mayor Donegan replied that was the estimate, this will allow us to go out and secure the remainder of the plans and go out for bids. Mr. Stibich indicated that a lot of work has already been done and asked if that already paid for or will those costs also come out of the \$225,000. Mayor Donegan stated that this will allow the city to “white box” the upstairs with HVAC, electrical, etc. Mr. Stibich asked if everything that has already been done was included in the \$225,000 so the “white box” would be in addition to the costs of renovating and making that space suitable for occupancy. Mayor Donegan stated that no money has been spent on the upstairs. Mr. Stibich stated that he was confused because he thought there was a lot of work being done on the second floor. Mayor Donegan replied no. The roof was replaced but no other work has been done so there is no “in addition to.” She then asked Mr. Alex Russo to address Mr. Stibich’s questions. Mr. Russo stated that currently the second floor is in shell condition, which means that basically the infrastructure has to be taken up to the second floor which includes an electrical panel. However, this first phase does not include plumbing for restrooms which will be an expensive part of the second floor renovation. Since there are restrooms on the first floor which are adequate to handle the capacity of the tenants moving in at this time we will not have to expend those dollars. Again, we will obtain new bids, but the \$225,000 will be used partially for the infrastructure and then partially to build out the tenant space. The tenant will occupy anywhere from between 800 and 1200 square feet. We have a market rent proposal out to him and he will pay rent and also a pro-rata share of the electricity he consumes. The leases would be set up so that each of the tenants will be on a base year, which means they would pay their pro-rate share of increases in operating expenses. For example, since the building will begin paying taxes since there will be income produced, the taxes are a \$1.00 and the following year they increase to \$1.10, and he has a proportionate share of 1/10th of the floor then his pro-rata share will be 1/10 of that 10 cent increase. So we are baselining the rent and the electricity will be in addition to that rent with any increases of operating expenses. We also have a breakdown of landscaping, snow plowing, window washing, etc., which we will back into those numbers and monitor for any increases. The \$225,000 will be used to “kick off” the second floor and get most of the infrastructure in place. Once there is enough mass of tenants then we have to go through the expense of putting in the restrooms. The current tenant is aware that the restrooms he will utilize are located on the first floor and are ADA complaint. This building already has an elevator that services the entire building so those ADA issues are taken care of. However, the corridor which runs the length of the building will need to be fire rated which will be part of the renovation so someone can get off the of the elevator and walk down the corridor. Mr. Stibich asked if work was done to the far end of the building for the access because it was all open. Mr. Russo indicated that the upstairs is still open. Mr. Stibich stated that the rent is based on 800 square feet, according to the letter of intent, which would be about \$12,000 a year. Mr. Russo indicated that it is a step rent.

Mr. Stibich indicated that the utilities are based on square footage which he calculated to be \$144 a month which includes heat and electric. Mr. Russo replied that heat and electric would be in the base year costs and part of what is called gross rent. Currently the building is heated and air conditioned 24/7 because of the operation of the building so those costs of occupancy should not increase much more. Mr. Stibich asked if the city has been cooling the second floor all these years. Mr. Russo indicated that it is not cooled but heated as it has to be climate control. Mayor Donegan indicated that the upstairs has been heated since city hall moved in. Mr. Russo indicated that as we start building out space all of the interior walls that face the exterior will have to be insulated and dry walled. A lot of the heat currently upstairs goes out because it is just brick on block currently upstairs. Mr. Stibich indicated that the roof work probably helps. Mr. Russo replied yes and once we start putting in the common areas he thinks that will help with some of the expenses. Mr. Stibich asked if Mr. Russo believes that spending \$225,000 to prep the upstairs and knowing there may be additional expenses is a good investment to get \$12,000 a year in rent. Mr. Russo replied that the \$200,000 will be used for infrastructure and tenant improvements the entire \$200,000 would not be used for infrastructure probably about \$100,000. We will get all the cost breakdowns once we go out for bid, and to get the return back it should be fairly significant over a short period of time. Mr. Stibich stated as an investor we are putting in \$225,000 to make this space available for rent and from his experience is that a good investment. Mr. Russo replied that right now there is no infrastructure in place so the space basically has no value so to spend the dollars to get the infrastructure in place he would say yes absolutely. Mayor Donegan indicated that this will also bring jobs and make good on the deal that we basically committed to the residents back in 2000 that this space would produce income for the city but at some point you have to ready the space and we do have a tenant. Mr. Russo stated that this tenant has waited over a year for the city, he wants to be in this geographic location and likes the location. He wants to be a part of the community, his children attend the school next door and he would like to bring his business here. Mr. Stibich stated that he does not understand commercial real estate that well and Mr. Russo does; if you were Clint Williams would you invest \$225,000 to improve a property like this. Mr. Russo stated that would be a question for Clint but from a real estate investment stand point if we can start getting income in immediately and if the infrastructure can get into place we can start leasing to other tenants. There about 8,000 square feet of space so instead of thinking of the 800 multiply that times 10 now you are getting \$120,000, \$130,000 or \$140,000 a year in revenue but you have to spend money to get it. Mr. Stibich stated that there were plans to put non-commercial entities up there and we discussed Christians in Action. Mr. Russo stated that to put them upstairs you would have to invest in the infrastructure but we would collect no revenue from a non-profit entity. Mr. Stibich stated that you would get the benefit of having Christians in Action in the community. Mr. Russo replied that they are currently in the building. Mr. Stibich stated that he knows that is the point; there was a benefit to it other than collecting rent. Mr. Russo replied that is the reason we did everything we could to find a place for them.

Mr. Sculac stated that he has met with Mr. Russo and other prospective tenants and he believes the hampering issue is the fact that we did not have funds to do anything upstairs. The financial individual is coming through, now after waiting for a year, and he believes once the renovation is complete and people see the finished product and the ability to move in it will be much better. The way it looks now there is a tendency for people to not see what is possible. There have been a number of prospects but because of the lack of funds to do anything so far those people have gone elsewhere.

Mayor Donegan indicated that Mr. Haviland has had a lot of experience with the Mid Town Corridor Development and other developments, which is one of the skill sets he brings to the table. Mr. Haviland stated how many times people have walked through and asked when will it be ready for occupancy and we have to say that we have no source of revenue. That is why we waited as a body to make sure we had money available and we are lucky this tenant waited. Once the renovation is complete we will make the area more marketable and then we can tell others that we have the infrastructure in place. There is nothing like having the first tenant to open the flood gate for other tenants and it's not a huge investment to start building out the second floor.

Mr. Sponseller stated that if you step back and look at the big picture the unproductive land of the old library and the costs associated with maintaining it and the unproductivity of the second floor and the costs associated with keeping it in a state of reasonable repair plus utilities; then look at the objectives of the city which is to promote economic development and bring jobs to the city and promote community activities such as Christians in Action. We took old library, which was an unproductive piece of property collected \$225,000 and placed the building back on the tax duplicate and brought in a new business. We are taking those proceeds and reinvesting them into the second floor which makes sense to bring in new additional businesses, new jobs, and puts that portion of the building back on the tax duplicate. The fundamental question is whether or not it makes sense to invest \$225,000 for a lease that might gross \$12,000 or \$14,000, which is a little bit inaccurate, into hopefully expanding into bigger and better things.

Mr. Russo stated that The Old Wine Cellar and Unbroken were two properties that we brought additional income into the city by taking underutilized property and repurposing it. Mayor Donegan stated that the library was appraised at \$150,000; they countered at \$160,000; and we countered at \$225,000 and got \$225,000 which is significant.

Ms. Garrity asked how many employees will be involved with the financial group. Mr. Russo believes there are four. Ms. Garrity asked how the parking would work. Mr. Russo indicated that we have not offered any designated parking; parking would be in common with the lot to the north and there is adequate handicap parking in place. At this point we do not feel that we have an issue with parking. If there becomes an issue with parking then either the police vehicles or some of the other vehicles would start parking further in the back where there is additional parking. Mayor Donegan stated that if Council recalls we discussed altering the front of the Christians in Action area to a circular drive and the costs. We will also seek funding for an additional elevator at some point in time.

Poll on adoption: 7 ayes; 0 nays. **Motion carried.**

Resolution 39-2017

A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO A CERTAIN LEASE AGREEMENT FOR A PORTION OF THE CITY ADMINISTRATION BUILDING SECOND FLOOR LOCATED AT 26100 BAGLEY ROAD WITH PLUM CREEK WEALTH ADVISORS, LLC, MAKING FINDINGS RELATED THERETO, ALL TO PROMOTE BUSINESS AND ECONOMIC DEVELOPMENT IN THE CITY **First Reading**

Mr. Haviland moved to **suspend**; Mr. Gorski **seconded**. Voice Vote: 7 ayes; 0 nays. **Motion carried**. Ms. Duncan moved to **waive** the reading in its entirety; Mr. Miller **seconded**. Voice

Vote: 7 ayes; 0 nays. **Motion carried.** Mr. Sculac moved to **adopt**; Mr. Gorski **seconded.** Poll: 7 ayes; 0 nays. **Motion carried.**

Resolution 40-2017

A RESOLUTION APPROVING THE REPORT OF THE ASSESSMENT EQUALIZATION BOARD ON OBJECTIONS CONCERNING THE ESTIMATED SPECIAL ASSESSMENTS FOR THE IMPROVEMENT OF COLUMBIA ROAD, COOK ROAD, CRANAGE ROAD, ELM STREET, MAIN STREET, MAPLEWAY DRIVE, NOBOTTOM ROAD, RIVER ROAD AND WATER STREET BETWEEN CERTAIN TERMINI, AND THE ENTIRE LENGTH OF CLARK STREET, INLAND DRIVE AND MYRTLE AVENUE, BY CONSTRUCTING SANITARY SEWERS AND CONNECTIONS WHERE THEY DO NOT NOW EXIST, REPLACING EXISTING WATER MAINS AND CONNECTIONS, CONSTRUCTING TWO NEW PUMP STATIONS, ABANDONMENT OF THE EXISTING MAIN STREET WASTEWATER TREATMENT PLANT, AND RELATED RESURFACING AND PAVING, AND DECLARING AN EMERGENCY **First Reading**

Ms. Garrity moved to **discuss**; Mr. Stibich **seconded.**

Ms. Garrity indicated that she has a question on the findings from the Equalization Board. There were five individuals that had their assessment reduced to \$0.00, but there was no explanation for the reduction. Mr. Sprague, who was a member of the Equalization Board, indicated that it was reduced 50%. Mr. Stibich indicated that the report indicates that Ms. Mary Kay Barry was reduced from \$12,000 to \$0.00. Mayor Donegan indicated that the report was produced by Mr. Sharb, who is the city's bond counsel. Mr. Sponseller stated that he was not privy to these meetings the city's attorney with Squire, Sanders & Dempsey Mr. Sharb, attended and prepared the report. He did speak with Mr. Sharb today and the total adjustments made by the board is negligible in comparison to the overall project totaling approximately an \$80,000 adjustment. All the procedural requirements have been complied with, per the Ohio Revised Code and per the Charter. To Ms. Garrity's specific question he does not have a specific answer other than whatever modifications were made were based upon evidence presented to the Equalization Board and their due consideration. Ms. Garrity stated that she is assuming that these people were opting out of the Phase V project. Mayor Donegan indicated that there is no such thing as opting out of the project. Ms. Garrity stated that the zero is what had her confused. Mayor Donegan stated that Mr. Sprague was one of the members of the board and has stated that these individuals were reduced by about 50%. Mr. Sprague stated that there are individuals that contribute to a pump plant and already have sewer pipes installed so that cost was also reduced from the whole package of putting in newer pipes. There was one individual on River Road that owns two lots and it is impossible to get to a sewer to them so they were exempt. Ms. Garrity asked if all five individuals that were reduced to zero were all on River Road. Mr. Sprague indicated that they were not all on River. Mr. Stibich asked if the residents on Main are tied into the consolidated pumping station located on their street. Is this some kind of compensation for the loss of that? Mr. Sprague indicated that they will be placed into a larger pumping station as part of this sewer system. The one that they have now is not functional and the county is unaware of it.

Ms. Duncan moved to **suspend**; Mr. Gorski **seconded.** Voice Vote: 7 ayes; 0 nays. **Motion carried.** Ms. Duncan moved to **waive** the reading in its entirety; Mr. Gorski **seconded.** Voice

Vote: 7 ayes; 0 nays. **Motion carried.** Ms. Duncan moved to **adopt**; Mr. Gorski **seconded**. Poll: 7 ayes; 0 nays. **Motion carried.**

Ordinance 41-2017

AN ORDINANCE DETERMINING TO PROCEED WITH THE IMPROVEMENT OF COLUMBIA ROAD, COOK ROAD, CRANAGE ROAD, ELM STREET, MAIN STREET, MAPLEWAY DRIVE, NOBOTTOM ROAD, RIVER ROAD AND WATER STREET BETWEEN CERTAIN TERMINI, AND THE ENTIRE LENGTH OF CLARK STREET, INLAND DRIVE AND MYRTLE AVENUE, BY CONSTRUCTING SANITARY SEWERS AND CONNECTIONS WHERE THEY DO NOT NOW EXIST, REPLACING EXISTING WATER MAINS AND CONNECTIONS, CONSTRUCTING TWO NEW PUMP STATIONS, ABANDONMENT OF THE EXISTING MAIN STREET WASTEWATER TREATMENT PLANT, AND RELATED RESURFACING AND PAVING, AND DECLARING AN EMERGENCY **First Reading**

Ms. Duncan moved to **suspend**; Mr. Haviland **seconded**. Voice Vote: 7 ayes; 0 nays. **Motion carried.** Mr. Gorski moved to **waive** the reading in its entirety; Ms. Duncan **seconded**. Voice Vote: 7 ayes; 0 nays. **Motion carried.** Mr. Gorski moved to **adopt**; Mr. Haviland **seconded**. Poll: 7 ayes; 0 nays. **Motion carried.**

MISCELLANEOUS NEW BUSINESS - None

SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE COUNCIL

Mr. Sculac asked Mr. DeSan to thank Mr. Presley for the pay ordinance as he believes this helps with the financial report for summer recess.

Mr. Gorski moved to acknowledge **receipt** of the Statement of Cash position dated July 31, 2017 in the amount of \$1,076,889.74; Mr. Stibich **seconded**.

Mr. Stibich indicated that he would like to point out that the outstanding balance in the general fund after encumbrances is only \$470,000 and he finds that a little worry some. Mr. DeSan stated that he will have Mr. Presley review the report before any statements are made. Mayor Donegan indicated that she does not believe Mr. Presley has made any of the transfers that he previously discussed, and that is a normal occurrence this time of year. Poll: 7 ayes; 0 nays. **Motion carried.**

Ms. Garrity indicated that she has a couple of comments regarding the financial report and after discussing those with Mr. Sponseller she will hold those comments until the next regular meeting in September.

Mr. Miller thanked the members of the Equalization Board as he knows it has not been easy going through all the information and listening to the property owners. He appreciates the opportunity they gave to all the property owners to discuss their issues as this has been an issue Council has grappled with for some time.

Mr. Stibich moved to **adjourn**; Ms. Duncan **seconded**. Poll: 7 ayes; 0 nays. **Motion carried.**

Meeting adjourned at 7:17 p.m.

Ann Marie Donegan, Mayor

Angela Mancini, Clerk of Council