

**Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
January 4, 2010**

Members: Kathy Hummel, Chair
Don Walters
Carol Klinger

Mrs. Hummel called the meeting to order at 7:10 p.m. All members were present.

Legislation to be Discussed:

Temp. Ord. B-138

Temp. Ord. B-71

Discussion

Mr. Arrington gave an update on the negotiations. Layoff notices went out last week because some benefits they were trying to freeze went into effect on Friday which meant the City was spending unbudgeted money. He will be meeting with the police unions on Wednesday morning. The dispatcher representative will be contacting him tomorrow morning. If agreements are reached with the unions, the layoff notices will be withdrawn.

Temp. Ord. B-138

An ordinance authorizing the Mayor to enter into a contract or contracts with Ciuni and Panichi CPAs and Business Advisors, and declaring an emergency.

Mr. Brodzinski stated that the City's contract with Zupka & Associates has expired. The State has chosen to send the City to an independent audit firm. There were ten bidders. Ciuni and Panichi was lowest. It is for a four-year contract and is based on the appropriations in 2010 for the 2009 fiscal year.

Temp. Ord. B-71 (dated 1-4-2010)

An ordinance authorizing the purchase of the BP station located on the corner of State Road and Portage Trail and the sale of city-owned property in the State Road Shopping Center including the BP station to Portage Crossing, LLC for redevelopment in accordance with a contract for sale of land for private redevelopment and a mortgage on that BP station property, determining that such real property will not be needed for public use, that the purchase price is satisfactory, and related findings, and declaring an emergency.

Mrs. Truby stated they would be giving a presentation with questions to be held at the end of the presentation. She gave a history that led up to the City's purchase of the State Road Shopping Center. She updated the figures and timelines regarding the demolition, and mentioned ideas for the future of the property. Stephen Strnisha, Director of Finance Services, gave a presentation on tax increment financing. Usually, schools are the largest recipient of property taxes. In this proposal, the City would retain 75% and the school 25%. Even at that amount, the schools will receive more than they had been receiving. The City would net more than the debt associated with it. He used conservative estimates in his calculations and assumed a zero valuation over time. He looked at the project as a self-contained development. Bob Stark, CEO of Stark Enterprises, stated the goal is to contribute to and enhance the quality of life of the citizens of Cuyahoga Falls. He continues to have a very strong response from the entire community. He foresees a grocery store, two apparel-based stores, some restaurants and a space for gathering. Mrs. Klinger questioned the narrowing of Portage Trail and the parking spaces being

added. Mr. Stark stated they will be slowing the traffic on Portage Trail with some off-street parking. She stated the same thing was done on Chestnut and the residents did not like it. Mr. Stark stated that by slowing traffic he does not mean it will clog it up. In fact, it will improve the flow of traffic. Mrs. Klinger asked how much of Phase I is for retail. Mr. Stark stated it was 70% of the total. Mrs. Klinger asked about the improvements that will be made to State Road. She stated the City already made improvements. Mr. Stark stated it would be made into more of a boulevard. He added that everything needs to first be looked at by a traffic engineer. She asked if the road through the property would be owned by Stark Enterprises or by the City. He indicated it would be owned by the City. Mrs. Pyke asked whether Mr. Stark felt drivers would use the new street as a cut-through. Mr. Stark did not think so. Whatever they do to Portage Trail, it will improve traffic flow. Mrs. Pyke asked whether they will continue to maintain two lanes of traffic in each direction on Portage Trail. Mr. Stark could not commit to that. He wants to make the area more walkable and the only way to do that is to slow the traffic down. He is waiting until they have a final agreement with the City before completing the design of the buildings. Originally, he was in favor of some residential units but the community feedback was to the contrary. Plans currently call for retail only. His focus is 100% creating retail. Mr. Walters asked if it was the norm to have a city maintain streets within developments like Crocker Park. Mr. Stark stated it does happen at other places. He added that the streets will be wide enough for fire trucks and EMS. Mr. Walters asked if Mr. Stark would commit to using local union labor. Mr. Stark stated if you check with the unions, 98% of his work is done with them. He will not commit exclusively, however, because it creates a problem with the tenants who hire their own people to do some inside work. Mr. Mader stated that the City hosted a conference at the Sheraton this past year and the consensus of opinion was what we are seeing here. This is indeed the direction things are going. When it comes to traffic flow opinion, when he drives through these types of developments, he notices it causes the drivers to want to slow down to see what is there and invites vehicles to come that way. Mr. James asked about the level of tenants. Mr. Stark stated they have a built-in fail safe. The numbers demand retailers in a high range to make their share to pay the rent. His goal is to make this the most successful gathering place in the community, and to expand down Portage Trail with walkability all the way to downtown. Mr. Iula asked if the number 1 store is going to be a grocery store. Mr. Stark said it was and that it will drive everything else. Mrs. Hummel stated that the contracts mentioned a closing date of one year from the date of execution and also a reference to pre-sale and pre-lease. She asked if that has something to do with the financing. Mr. Stark said it did. He said before the crash, he would have required 100% participation. This is not that big of an area so as long as he has the major boxes leased, the project would move forward. His preference is to own the property and lease everything but sometimes certain retailers require that they own their pad. He also indicated that all references in the agreement of selling to entities is all him.

Bernadette Harris, 2583 16th Street, asked how much of an effort was made to find out what the people of Cuyahoga Falls wanted on this property. She did not believe a survey was done. She does not want something that will take business away from other people in the community. Mrs. Truby stated ever since the developer was chosen last May, the City was bombarded by businesses. They have replied to each e-mail and call received from local businesses. Of all contact received, the number 1 request was for a Kohl's to come in. There was also a survey of residents at a City expo 2-1/2 years ago. There will also be a website called PortageCrossing.com. It will be an interactive on-line site where residents can ask questions about stores, size of buildings, etc. Everyone can have an avenue to correspond on the subject.

Harry Thomas, 2683 11th Street, is a resident and has worked with Mr. Stark. Everything he says is true. He would also like to request some residency language as far as jobs such as construction work.

Donna Dowler, 1939 Silver Lake Avenue, asked if the substation is coming down. Mrs. Truby stated taking the substation down and relocating it is part of the development. Mrs. Dowler asked if Silver Lake would be extended to State Road. Mayor Robart stated that so far everything is conceptual. Silver Lake

is not shown as extending in this plan. As the plan moves forward, there will probably be dozens of changes. Mrs. Dowler does not want to be unable to back out of her driveway. Mrs. Hummel pointed out that Silver Lake Avenue comes right into Big Box #1. She believed the street would not be extended based on what is shown now.

Gary Motta, 2782 Archwood, asked what the cost to purchase the land of the substation was and whether that will be tacked onto what has already been spent on the project. Mrs. Carr stated that the purchase with anything regarding the substation is through the electric budget. It has nothing to do with the State Road Shopping Center. Mr. Motta was concerned about the plaza bringing crime to the area, especially with layoffs in Police. He said there have been a lot of crimes committed at other retail shopping areas. Mayor Robart stated the issue Mr. Motta is seeing today is a result of the economy. The economy is down and crime is going up. They never anticipated layoffs but the layoffs in Police are very small. The City's challenge is to do more with less.

Robin Iona, 675 Dominic Drive, stated there is already a vacant Topps building, and this location is also close to an existing Giant Eagle and Acme. She was concerned what a new grocery store would do to those businesses. Mr. Stark stated if there is not a grocery store as an anchor tenant in this development, that would probably kill the project

Bryan Tonkin, 2879 Northland, stated he has worked with Mr. Stark and believes he is a class act.

Mr. Motta referred to Mr. Stark's comment about the lack of a grocery anchor killing the project. He asked if tonight's presentation, then, was not a done deal. Mrs. Hummel stated that to members of this Council and those in the audience, this is the first presentation they've seen by Mr. Stark. This is the beginning. There will be many more presentations. She requested that one of the packets that had been given to Council this evening also be given to the press representatives so they can print as much information as possible. Mr. Motta asked if there were alternatives if this proposal does not fly. Mrs. Truby stated she was present at the other Cuyahoga Falls meeting held. The City did not just jump in overnight. The City has been working for the past two years to get to where it is today. Mrs. Hummel stated that part of what is being shown tonight allows the developer one year from the date the City signs this agreement to close a deal. That is the timeframe the developer has to get sales or leases. If he does not have them by the end of that year, the project will not go forward. There is also a one-year extension at the discrimination of Administration that she would like to have revised to be at the discretion of City Council.

Colleen Larson, 431 Thomas Court, stated citizens needed meat and potatoes before the City gets fancy. Teachers, librarians and firemen are her quality of life. There is no guarantee of success. Citizens are also paying for retail property the City will not own. She does not know the cost of the project. Mrs. Truby stated she will provide a copy of the information to Mrs. Larson. Until tonight, they have not discussed it in as much detail. Mrs. Larson said no one has been able to tell anyone anything up until tonight. Citizens need to know so they can tell their Council representatives what they would like to have them do. Mrs. Hummel requested that Mrs. Truby get both Mrs. Larson and Mrs. Meacham a full copy of the presentation, as well as the press. That will be the best resource of information.

Bernadette Harris stated she would like to see the information as well. She asked if it would be cheaper to do this now while we are in a recession. She also asked what responsibilities would increase for the City as far as services go.

Dave Kimball, 1232 Lincoln Avenue, asked about having a Quaker Steak & Lube come in. Mrs. Truby stated they could make an inquiry to see if they would be interested in moving into the City. Mr. Stark

stated he brought the first Quaker Steak and Lube to the area. That was in Valley View. However, he wasn't sure that the community would warm up to the Tuesday night motorcycle night.

Marcus Herrera, 2060 26th Street, asked Mr. Stark which of his past developments would this one resemble the most. Mr. Stark said he would have to say all of them. Each development evolves and he is trying to be responsive to the history of the community. That is what will shape the development.

Mrs. Hummel commented on the four initial proposals submitted. Mrs. Truby stated there were four initial submissions. Two were very comprehensive and the other two were not. One of the more comprehensive submissions had residential and retail and the other did not. Three Council people were involved in the selection committee—Mr. Barnhart, Mrs. Colavecchio and Mrs. Ritzinger. This is a retail project and they want it to continue to be a retail project. They felt it was important to have a new look. The other submission was identical to what was there.

Mrs. Klinger asked about a lawsuit involving Stark Enterprises. Mr. Stark stated that anyone can sue anyone for anything and that the claim in that suit is false. Mrs. Klinger asked about the base used to calculate the TIF. If the City owns the property, the tax base would be zero. Pam Hanover, of Squire, Sanders & Dempsey, stated that the property has a market value with the auditor. It is just exempt. Mr. Brodzinski stated that the City will be paying taxes at least on the first half. They are trying to get the property value down. He can get the number of what it is right now. Mrs. Klinger stated on the TIF, a grocery store is included but if a store moves to this location and creates a vacancy elsewhere, then a TIF has not been created because the jobs have just shifted. She asked how that affects the factoring. Mr. Strnisha stated he did not count on any income tax in case that would be the case. Mrs. Klinger stated she would also like to know the impact of vacating another facility. She is trying to understand the range of the forecast. Mr. Strnisha stated he would get it to her. Mrs. Klinger was concerned about the buildout. She is trying to explain the \$13.5 million the City spent while the developer got it for \$900,000. In the contract, it talks about the City issuing bonds for the project. Mrs. Klinger was under the impression the City would be issuing notes. Mrs. Hanover stated the City has the flexibility to issue short-term or long-term debt. Mr. Brodzinski stated the City would stay in short-term debt. Mrs. Klinger asked about the deal terminating based on the soil boring. Mrs. Hanover stated if something was discovered during the developer's due diligence, he had the option of canceling the agreement. If it is after due diligence, it would be too late and the property would be sold as is/where is. Mrs. Klinger stated the agreement mentioned the City paying for an ALTA survey. She asked what that cost for that will be. Mrs. Truby stated it will be in the \$5,000 to \$6,000 range. Mrs. Klinger asked what the reimbursements out of the 75% escrow money would be. Mrs. Hanover stated it can be used for any private improvement costs but it is drawn on a percentage of the completion of the project. If they have completed only ten percent, then the withdrawal is only ten percent. Mrs. Klinger asked what portions of the property would be exempt from real property taxation. Mrs. Truby indicated the orange street as well as Lillis Drive. Mrs. Klinger asked if the public right-of-way was factored into the cost analysis. Mr. Strnisha indicated it was. Mrs. Klinger commented on the property being sold or transferred to another entity prior to relief of the TIF. Mrs. Hanover said the TIF stands regardless of the ownership. Payment in lieu of taxes must be made by the owner of the property. Mrs. Klinger asked what would happen if there was a bankruptcy. Mrs. Hanover stated that is why they have a completion guaranty by Stark Enterprises or Robert Stark. Mrs. Klinger stated she agreed that the additional one-year extension should be with Council approval. She would also like to see on page 10, Section 3, that the leases be approved by Council as well. Same thing on page 15, Section 5. She stated that this ordinance is approving the City purchasing the additional parcel of BP. She asked why wouldn't Robert Stark be purchasing that. Mrs. Truby stated it is because that is what the City negotiated in the agreement. Mrs. Hummel stated, with regard to the cost benefit analysis, that the benefit to the City at the end of 30 years, given what it spent and what it intends to spend, is \$7.5 million. Mr. Strnisha stated it is just a summation. It is a very conservative estimate.

Mr. Matta asked about green space and green materials. Jack Bialosky, of Bialosky Partners, stated they are very interested in creating environmentally sound and sustainable leed buildings. It is a little early right now because they have not really begun the design process but they will be considered. The green space proposed is much greener than State Road was to begin with and will be as green as they are able to make it. The City Code is very clear on these issues.

Bernadette Harris asked if there was anyone on Council or in Administration that has a relationship, outside of the public relationship, with any of the people the City is dealing with. Mrs. Hummel state she is not aware of any. She asked if anyone had a relationship to volunteer. No one spoke. Mayor Robart stated he expected more nay-sayers this evening. Every person who contributed to this issue felt the City was going in the right direction. They need to think forward down the road or the City will decline rapidly. The hope for success has to be greater than the fear of failure. They have watched Bob Stark for many years. Each of his projects were better than the last. In the end, it will depend on who wants to come and who doesn't. As everyone starts to see the new development, it will be a phenomenal project that will lead to great things for the City. Mr. Mader stated this is a big project for the City. He appreciated the public participation. This is the first step in a generally long process. The questions asked are premature because the project has not yet got there. He encouraged the public to come to the meetings. Newspapers are great in publishing facts and figures but the best way to get information is to be here on Monday nights and also when the Planning Commission meets. Not all questions will be answered by just one presentation.

Mrs. Hummel stated this is a good first step. She appreciated Mrs. Truby getting Council a copy of the contract prior to this evening. She recommended that the committee hold this legislation for future discussion. She would like to make sure if any Council members felt an expert needed to be present at a future meeting, that they communicate that to Mrs. Truby. Mr. Barnhart thanked Mr. Stark for taking on this project. He understands and appreciates the design value this project can bring to this community, and he, for one, would never question Mr. Stark's integrity.

Committee recommended holding Temp. Ord. B-71 (dated 1-4-2010).

Meeting adjourned at 10:10 p.m.