

**Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
April 28, 2008**

Members: Don Walters, Chair
 Debbie Ritzinger
 Carol Klinger

Mr. Walters called the meeting to order at 7:15 p.m. All members were present.

The minutes from the March 17, 2008 committee meeting were approved as submitted.

Legislation Considered

Sub. Temp. Ord. A-15 (dated 4-18-08)
Temp. Ord. A-39

Discussion:

Mr. Walters stated that Council will not be voting on Sub. Temp. Ord. A-15 (dated 4-18-08) or Temp. Ord. A-39 in order to give the Law Department enough time to work through other details, however, the ordinances will still be discussed tonight and again at a future meeting.

Sub. Temp. Ord. A-15 (dated 4-18-08)

An ordinance authorizing a settlement in the cases of *City of Cuyahoga Falls v. State Road Associates, et al.*, and *State Road Associates v. City of Cuyahoga Falls*, and declaring an emergency.

Mr. Arrington stated he did not have much more to add from last week. They are in the process of negotiating the final details of the purchase of State Road Shopping Center. The hold up is that there are 16 to 18 tenants as well as the Plaza. They need to resolve issues with both the owners and the tenants. He reminded everyone that this is litigation and there are some things he will be unable to discuss without compromising the litigation.

Mr. Walters asked if the damage clause would come into play. Mr. Arrington stated they are working to avoid that situation. Once Council passes the legislation, the agreement would be signed within a day or two after that. He wants to make sure everything is lined up so the damage clause does not come into play.

Mr. Walters asked about auctioning off items left at the plaza. Mr. Arrington stated that anything that holds significant value would be sold to the highest bidder. Tenants will be able to remove anything they want to keep but property that is abandoned, will be auctioned. He added that the City does not plan to demolish the plaza this year, therefore, interested tenants will be able to stay in business while the City does what it needs to prior to demolition. As far as the price, Mr. Arrington indicated the purchase price is \$12.9 million for the entire plaza but within that are separate outlots that need to be defined in size and those costs backed out. Some things that are taken into consideration in determining those costs are the businesses themselves and the land area they occupy. Currently, the shopping center pays \$248,634 in property tax. The day the City takes possession, that ceases except for the outlots. Mr. Walters indicated he would like Council to have some input on the proposals that come back from developers. He asked what the estimated life of the tower across the street was. Mr. Demasi indicated it was quite some time

but he is not familiar with any deterioration or structural deficiency. Mr. Walters felt that perhaps the tower could be incorporated into the development somehow as an advertisement instead of something that would detract from the development.

Mr. Walters asked whether Mr. Arrington felt Mrs. Klinger could vote on A-39 since that did not actually involve Goodyear. Mr. Arrington indicated that conflicts are up to each individual council person. Each council member has a right to vote on anything he or she wants to vote on. This would be a tough one, however. The City is issuing debt to purchase a plaza as part of a settlement of a lawsuit involving Mrs. Klinger's employer.

Temp. Ord. A-39

An ordinance providing for the issuance and sale of not to exceed \$11,000,000 principal amount of notes, in anticipation of the issuance of bonds, for the purpose of revitalizing the State Road Redevelopment Area by acquiring, clearing and improving certain properties in that area, and declaring an emergency.

Mr. Brodzinski stated this was nothing more than what was discussed last week. Mrs. Ritzinger asked about the timing of the packages going to developers. Mrs. Truby stated that all legal documents were scheduled to close on July 1. RFPs would be mailed out around that time to developers who are local, within the state and through the International Counsel of Shopping Centers. They will give the developers a 30, 60 or 90 day window in which to respond. It is a large project so they do not want to ask for too quick of a turn-around. It could be as long as October 1. Mrs. Pyke stated Mr. Arrington referred to appraisals for \$12.9 million and \$8 million and asked what years those were done. Mr. Arrington indicated they were done at the beginning of 2007.

Bill Rhines, Windsor Street, stated the more he hears, the more confused he becomes. He confirmed that the City was going to be demolishing the property and then developers would come in, buy the property and then fix it up. Mrs. Truby told him he was correct. He asked whether the City would break even when the developer purchases the property. Mrs. Truby indicated it might or it might not. Mr. Rhines asked if she were spending her own money, would she spend it knowing she may not get anything near back as a return. Mrs. Truby stated it would depend on the long term benefit. This project will have a long term benefit. Mayor Robart stated Mr. Rhines needed to look at the big picture. The City thinks this project will be a tremendous bonus in jobs. Mr. Rhines brought up the amount of money the City spent for the State Road hotel and the significant loss it took when it resold the property to the bank. He asked what the benefit was there. Mayor Robart told Mr. Rhines to ask the people who live near that site what the benefit was. It is a nice facility there now. Mr. Walters added that had something not been done about the hotel, there could have been businesses that would have left the area because of the crime which would, in turn, have taken away tax money from the City. Also, money spent on extra police coverage for the hotel is not needed now, so that is a savings for the City. On paper, it shows the City did not make a profit, however, the area today has made up for that. Mrs. Pyke told Mr. Rhines that she lives within one mile of that site and when the hotel was there, vagrants walked the streets near her home on a regular basis. She would not drive the neighborhood without her car doors being locked. The return the City received was homes that went up in price. Getting rid of the hotel kept families in the area. Mr. Rhines did not think the amount of salaries spent on police protection in that area would amount to much. Mrs. Pyke told him he must not live near the area.

Bill Wilfong, 3517 E. Prescott Circle, felt it would be better for the City to maintain ownership of the land, lease it and collect lease revenue and always have control of what is there. Penney's left because there was not enough business in the Center to keep them there. Is the City sure it can bring in a developer that can build the property and keep it at the high level it needs to be kept? He is not against the project. Something needs to be done because it is an eyesore. He just wondered if it was better to own and lease than to sell for whatever price the City can get. Mrs. Truby stated that most developers

prefer to own. The City would prefer to get it back into the private sector for property tax purposes. There was a study done in 2006 that said there was a 71% leakage rate, which is people spending money elsewhere. They have a good idea of the types of merchandise that will work in that area. Mr. Wilfong asked if there would be any green space allocated. Mrs. Truby believed there would be. Everyone is doing nice green areas in new developments such as Legacy Village and Crocker Park.

Mike Mathis, Eakins Road, stated he was excited about the plans for the shopping center. He asked if Administration had any idea on the type of development they were looking for. Mrs. Truby stated it depended on the individual developer. Each developer deals with different businesses. The City will know once the developers submit their proposals. Mr. Mathis stated he has been involved with a group and has seen a new plaza that went up that drew small businesses. Unless national brands get in, traffic is low and the small businesses end up wasting money and going out of business. He felt the national chains should go in first.

Bill Skinner, 3452 E. Prescott Circle, stated there are 16 current businesses at the shopping center, some of which are busy, like the license bureau. He wondered if they could stay or if the City was helping them find another place. Mr. Arrington stated the City is tearing the whole thing down and is working deals with tenants that they can stay through the end of this year and then month-to-month next year. During that time, the City will also work to find new locations.

Mrs. Pyke indicated that Mr. Mathis made reference to the commercial area. She wanted to confirm with Mrs. Truby that depending on the responses, the City could be looking at no commercial development. Mrs. Truby stated that was possible. She felt it would be best as a mixed use project which would be a combination of residential and retail. If someone comes in totally residential, they would also look at that. Mrs. Pyke wanted to make sure the public didn't think there was hard core businesses coming in.

Dan Powers, 2028 Schiller Avenue, commented on possible uses of the property. He feels there is already a lot of residential property being developed in the City and that it would be best to concentrate on retail and small business development on the property, which, in turn, would bring more development down the corridor. Residential development would do nothing to help that. Mr. Walters agreed that retail is slow right now. He stated that any night you go by Red Lobster, you see a line waiting outside. There is money to be spent but there has to be something people want to spend it on.

Tom Sullivan, Tallmadge Road, asked if the outlots would stay with the current owner. He is concerned about the owner's proven track record in not maintaining his properties. He did not want the outlots to be neglected the same way. Mr. Arrington indicated that is one thing still being discussed. Many of the businesses on the outlots maintain the property themselves. In fact, Burger King recently invested a lot of money in renovations.

Mr. Walters thanked everyone for their input. He indicated there will be further opportunities for discussion on this and that the legislation will continue to be held in committee in order for the Law Department to work out nuances.

Committee recommended holding Sub. Temp. Ord. A-15 (dated 4-18-08) and Temp. Ord. A-39.

The meeting adjourned at 7:15 p.m.