

SPECIAL COUNCIL MINUTES  
JULY 22, 2009

A Special Council Meeting was held on Wednesday, July 22, 2009 at 7:00 PM in the Euclid Municipal Center Council Chamber. Council President Holzheimer Gail presided.

Members Present: Scarniench, Minarik, O'Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail.

Excused: Gruber, Jones (came in late)

Councilwoman Scarniench moved to excuse Councilman Gruber and Councilwoman Jones. Councilman O'Neill seconded. Yeas: Unanimous.

Others Present: Law Director Frey, Finance Director Johnson, Service Director Gulich, CS&ED Director Pietravoia, Asst. Director Gliha, Asst. Director Beno, Mr. Castelletti, , Sgt.-at-Arms Novosel, Clerk of Council Cahill.

COMMUNICATIONS

A memo from Director Pietravoia re: Kenwood Village HOME Loan as further information to Res. (364-09)

President Holzheimer Gail – On the liquor permit, I'm going to ask Council if we could wait until Councilwoman Jones gets here. We have two liquor permits, both which are in her ward. I know she had some issues that she wanted to address with those. If it is okay with everyone, we'll wait until the end of the Agenda to address the liquor permit.

COUNCIL MINUTES

Councilwoman Scarniench moved to receive and approve the Council Minutes of June 15, 2009. Councilwoman Minarik seconded. Yeas: Unanimous.

REPORTS & COMMITTEE MINUTES

Councilwoman Scarniench moved to receive the Police Report of May, 2009; Monthly Finance Report through 6/30/09; Board of Control Minutes of 6/8/09; 6/15/09; 6/22/09; 6/29/09 and 7/6/09. Councilman O'Neill seconded. Yeas: Unanimous.

**Lot Consolidation** Council should approve or overrule Planning & Zoning Commission's approval of an application submitted by Matt and Beth D'Arcy, owners, requesting the consolidation of parcels 645-05-010 and 645-05-011 into one slightly irregular parcel measuring approximately 104.55' x 132.30', or 13,477.46 square feet, or .3094 acres at 27700 Gilchrist Drive. Said parcel would be in compliance with all applicable codes.

Asst. Director Beno – On July 14<sup>th</sup> after Public Notice and Hearing, the Planning & Zoning Commission voted to approve the requested lot consolidation. This proposal will help facilitate an addition to an existing single family house. The proposal does comply with all applicable codes.

President Holzheimer Gail – Any questions from Council?

Councilman Wojtila moved to sustain Planning & Zoning Commission's approval of a lot consolidation as stated above at 27700 Gilchrist Drive. Councilwoman Scarniench seconded.

Roll Call: Yeas: Scarniench, Minarik, O'Neill, Wojtila, Langman, Van Ho, Holzheimer Gail. Approved.

COMMITTEE OF THE WHOLE FOR LEGISLATIVE MATTERS ONLY

Ms. Regina Hauck – 116 E. 197 St. I would like to talk about agenda item #3, Ord. (364-09), the Kenwood Village. I just want to make sure that I've got the gist of this correct from the paperwork I received. We're giving them a forgivable loan coming from the HOME program of \$122,000 and they're going to use that to correct violations and in return they agree for a period of five years to allow a certain number of their units to be low income. Is that the gist of the legislation? I would like an answer to that now. I would assume since any one of you could answer it.

President Holzheimer Gail – Yes.

Ms. Hauck – If that's correct, and I have a list of questions now and I won't be around for the legislation so I trust you'll make sure we get all the answers. First of all, why is it a forgivable loan? Why isn't the owner going to pay it back? That's number one.

Number two. I know there's about 94 units in this complex. How many of the current residents are already below the poverty level? What's the breakdown of the \$122,000? I know there was a list of the projects, but there wasn't any breakdown as to how much for each. I'm sure that must exist to come have come up with the dollar amount of \$122,000.

My big concern about this, I think this needs to go into committee. I don't know why we need an emergency ordinance. I think there's going to be a lot of questions about this. My big concern about this, is this money is being used to fix violations. These are violations that they are already legally obligated to correct. This is not going to improvements to the property that are above and beyond. We're not doing anything spectacular to the property. This is for violations. According to our Code, property owners have to fix their violations. I'm very concerned that we're giving this property owner money to do something that they're already legally obligated to do. What type of precedent does that set? Will we now have to give money to every apartment owner? What about homeowners to fix their violations?

Is this part of the city's long term plan? I'm very concerned as to what the city gets out of this. As I said the property owner is already legally obligated to fix these things. So what does the city get out of this? More low income residents. Is that part of the city's long term plan to bring more low income residents into the city, especially in an area that I would consider downtown Euclid.

I think we really need to think about this from a business aspect as to what the City of Euclid is getting out of this. I would think there are other property owners that could use this money. I really think you need to look at that.

Also I would like to know, are these violations current violations? I'm assuming that this property like all rental properties are inspected annually. So did they correct all the violations from the 2008 inspection? If we could get a list of that and make sure all of that has been done.

That's just a list, partial questions, I'm sure, you on Council have many more questions. But I think the gist of this is these people are already legally obligated to correct these violations. We should not be giving them the money to do so. That is something they need to be doing on their own. If we give them money, it should be used for something that is above and beyond to beautify the property to have some return to the City of Euclid. I'm really worried about what type of precedent we would be setting and again, what is our long-term plan for the City of Euclid. If it is to bring more low income residents into the city, then we would be definitely achieving it because that's the only thing the City of Euclid is getting out of this legislation. I'm sure I'll find out what the answers are because I can't stick around but thank you for your time.

Director Pietravoia – While Ms. Hauck is here, I would just explain briefly that we're talking about low and moderate income, not as she has phrased, low income residents, which is a common requirement for any block grant funding that we expend anywhere in the city. There's many questions that she's asking. As she pointed out, she has to leave, so we will, with the team that we have here, I'm sure that we will adequately address all the questions that she has and any that Council might have as well. It's a good project for the city and we'll explain that as we get into the item on the agenda.

President Holzheimer Gail – Any other comments or questions from residents?  
Seeing none, we'll move forward with Agenda Item #1.

#### LEGISLATION

##### **Ord. 147-2009 (325-09) Rezoning Braeview**

An ordinance to amend Section 1 of Ordinance No. 2812, as amended, and the map and map designations, which map and map designation, as amended, form a part of Ordinance No. 2812, as relates to and designates U-3 and CI use districts relative to said property. (Rezoning of Alliance Healthcare Braeview, Inc., 20611 Euclid Ave.) (Sponsored by the Planning and Zoning Commission)

Councilwoman Scarniench moved for passage, Councilwoman Jones seconded.

President Holzheimer Gail – Welcome Councilwoman Jones. We held off on the liquor permits until the end, we'll address those at the end.

Asst. Director Beno – On May 12<sup>th</sup>, after public notice and hearing, the Planning & Zoning Commission voted to recommend approval of a rezoning ordinance for various parcels to accommodate an existing nursing home facility. The nursing home facility expects to remodel some of their floor area to create an in-patient and out-patient physical therapy center. This should improve services for both residents and former residents of the facility.

We do have a representative of the property owner here this evening if there are questions.

President Holzheimer Gail – This is a public hearing so we do need to hold a separate public hearing. If there's anyone here interested in speaking on Item #1, Ord. (325-09), now would be the time. Seeing none, any questions from Council?

Councilman Wojtila – I thought I brought up at the other meetings, previous meetings where we heard this item that in the third Whereas, we wanted to put in that the Planning & Zoning Commission had filed its positive recommendation? I guess I'm asking, did I bring that up or not? Does anybody remember?

Director Frey – I recall that you did bring that up. We can amend this or consider that in future pieces of legislation to do to include whether the recommendation was for or against. Of course, but that would require at this point, an amendment to this piece.

Councilman Wojtila – We don't need to do an amendment, but it was a positive recommendation on this and the next one, okay.

President Holzheimer Gail – Going forward, if we could have that as a part of legislation we'd appreciate that.

Councilman O'Neill – To Director Pietravoia, do we know, is this going to create any more jobs, are we aware of that?

Director Pietravoia – Mr. Eli Gunzburg is here this evening representing the property. He might be in a better position to address that. But I will tell you that since they've taken ownership, they have some plans for rehabilitation of the property, some renovation as well. This is all part of that process and it has stabilized the property and stabilized the jobs that are currently at the facility.

Mr. Eli Gunzburg – 24181 Timber Lane Dr., Beachwood, OH 44122.

President Holzheimer Gail – Thank you. The question was, whether there will be additional jobs created through this project?

Mr. Gunzburg – It is a difficult question to answer, by and large I would have to answer yes. The reason why I would answer yes, first of all with the out patient therapy, we should be able to handle a greater case load and hopefully bring some people from the community in for additional therapy, either having been in our facility prior or not. So there should be additional opportunities there, it actually attracts better therapists as well. Then on top of that, the long term strategic goal here is to actually increase the census of the building. We have about 20 beds that are unoccupied and hopefully by improving the façade and what not, we'll actually be able to effectively do that. If we are able to increase the census, then the answer would be unequivocally yes.

Councilman O'Neill – There will be no loss of jobs.

Mr. Gunzburg – No, loss of jobs.

Councilwoman Scarniench – I'm excited to see this. Even though it is Ward 1, it does abut Ward 2. I know I've made this comment to administration before, I'm hoping that one of these days, one of these houses on Dille becomes available so we can buy it from HUD and take that down and actually make this an area where you can come in and out of. Their ingress and egress is very hard because it is on Euclid Ave., it is right at a light, it is very difficult, there has been many accidents in that area because of people trying to pull in and out. I'm looking forward to this. It is going to help make that whole corner look spiffy, thank you.

Councilman Langman – Mr. Beno, are there any EPA issues concerning the facility, abuts up against the creek?

Asst. Director Beno – There are none that I'm aware of.

Councilman Langman – So there are no water quality issues with the property project?

Asst. Director Beno – This project is an interior alteration. So if there were an expansion of the floor area, then there would be storm water run off containment issues, but in this case, it is interior alterations.

Councilwoman Scarniench moved to close debate, Councilman O'Neill seconded. Yeas: Unanimous.

Councilman Wojtila moved to suspend the rules, Councilman Van Ho seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail  
Passed.

**Ord. 148-2009 (334-09) Rezone Wendy's**

An ordinance to amend Section 1 of Ordinance No. 2812, as amended, and the map and map designations, which map and map designations, as amended, form a part of Ordinance No. 2812, as relates to and designates U-8 and U-4 use districts relative to said property. (Rezoning change for Wendy's, 250 East 222<sup>nd</sup> Street, Permanent Parcel No. 642-11-042 from U-8 to U-4 Use District) (Sponsored by Planning and Zoning Commission) (Recommended for passage by the Planning and Zoning Commission)

Councilman O'Neill moved for passage, Councilwoman Jones seconded.

Asst. Director Beno – On June 9<sup>th</sup> at its regular meeting, the Planning & Zoning Commission had a public hearing and voted to recommend rezoning of this parcel from U-8 to U-4. This rezoning will facilitate the razing and reconstruction of the Wendy's restaurant. We do have a representative from Wendy's here if there are any questions.

President Holzheimer Gail – Again this is a public hearing so if anyone in the audience would like to speak to the Wendy's rezoning, now would be the time. Seeing none, any questions from Council? You all received the drawings of what the building will look like. If there's any questions, we have a representative here.

Councilman Van Ho – No questions, just a comment. It will be an improvement and the building looks good. I hope we can get this going forward quickly.

Councilman O'Neill – Once the building is demo'd, the old one, what's the time frame you're looking at for the new one going up and then open for business?

Mr. Don Nelson – 7540 Myriad Court, Chagrin Falls, OH 44023. In most cases for reconstruction it takes between 90-110 days, from out of the ground to quote, unquote, opening the doors. We should be able to be within that timeframe. Once again the weather factor does play an important part in that but we've been pretty successful in that three month to three and a half month range.

Councilman O'Neill – Appreciate you staying in Euclid and expanding you business. Thank you.

Councilman O'Neill moved to close debate, Councilwoman Scarniench seconded. Yeas: Unanimous.

Councilwoman Minarik moved to suspend the rules, Councilwoman Jones seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail  
Passed.

Mr. Nelson – I would like to thank the Council for all your efforts and all the supporting personnel within the City of Euclid for all the fine help that we've gotten from all you folks. We're going to push forward very quickly, thank you again.

President Holzheimer Gail – Is Mrs. Porten here? Why don't we go ahead and do #6 quickly before we do #3. I know she is waiting to hear the resolution that we've come up with, if there's no objection, if we could hear Res. (363-09).

**Res. (363-09) Pam Court Flooding-PULLED**

A resolution directing the administration to address the flooding on Pam Court and to work with the property owners to create a solution to the problem that is plaguing the area. (Sponsored by Councilman Langman)

Councilman Langman moved for passage, Councilman Wojtila seconded.

Councilman Langman – This issue that impacts Pam Court is one of longstanding. I'm glad one of the residents, Mrs. Porten came tonight, although she does not want to speak about it, I understand. But you to realize that our job up here, both on the council and administration is very simple, we work for the residents of the city. That's who we work for, that's who we answer to. When you approach the job from that standpoint, when any resident has a question or concern, it should be our job to evaluate that concern in an even handed, thorough matter. It should be done promptly and there should be communication with the person asking the question.

Now as you recall, Mrs. Porten has been here before. She was here back in late winter and early spring complaining about the flooding of her property from Briardale Greens. She stated her case, she supplied both members of the administration and this Council with photographic evidence of the impact of the water on her property.

Now the initial evaluation done by the city after I had e-mailed Mr. Holmes and Mr. Sloat of the Golf Course, and to Hank Gulich and other members of the administration, their initial evaluation was that there was no issue. Well I relayed that back to Mrs. Porten and that was not an acceptable answer to her or to me. So she appeared before this City Council, the Mayor indicated at that time that the issue would be addressed and I'm happy to report that an attempt was made to mitigate the issue at that time. A French drain was installed in the vicinity of her property to help alleviate the flooding. Mr. Holmes and I had several conversations about it, obviously it rained during the spring and it seemed like the problem was solved, but that we would keep an eye on it.

Well back on June 30<sup>th</sup>, we had rather heavy rains, there was news flashes about potential flooding, flash flooding and so forth, so I thought this would be a good test of the system to see if it actually accomplished its mission. So I e-mailed Mrs. Porten for an update. She indicated that in fact the system was not working satisfactory and that the water was again approaching the rear of her home. Mind you, it is not just her property that is being affected, it is the other property owners on Pam Court that are also being affected.

Now ladies and gentlemen, for Mrs. Porten, that is the primary issue she is facing, not Shore, not the lakefront, not police, not streets, it is the flooding issue. I believe that our obligation was to address this ongoing problem.

So at that time I e-mailed again Mr. Holmes and Mr. Sloat of the golf course and Director Gulich to see what additional measures could be taken to mitigate this serious problem. To this day, I have not heard back from Mr. Sloat or Mr. Holmes from the golf course. That is a failure to appreciate the seriousness of this issue to the property owner and quite frankly is not acceptable. The administration has to do a better job.

I did on July 8<sup>th</sup>, call the Law Director and I did that because I thought the Mayor was out of town. Law Director Frey do you recall that we had this conversation about this matter, do you?

Director Frey – I do Mr. Langman understand that we had a conversation, several as a matter of fact.

Councilman Langman – Very good. And we talked about the issue and that he would bring it up to the Mayor's attention when he met with him on that Friday, which would have been July 10<sup>th</sup>. In fact I sent a follow up e-mail to Mr. Frey and he indicated as such that the matter would be brought before the Mayor's office. In the meantime, Director Gulich indicated to me that in fact there was nothing that he could do given the fact that this issue revolves around the golf course and it is Mr. Holmes issue.

So from that time on, I have not heard back from the Law Director. I do not know whether in fact he brought up the issue to the Mayor's office, I'm assuming that Mr. Frey is thorough in these matters and that he did, but there was no communication back. So, with four individuals from the administration, the only one who responded to my requests, was Director Gulich and Hank I do thank you for that.

In the meantime, the resident e-mailed Mr. Sloat and other members of the administration and in checking with her, no one responded to her concerns. That to me is not acceptable. Now, you factor out the politics of it, you have a resident that we all work for, has an issue and there is no communication back. In fact until yesterday, the only communication I was aware of came from a private member of the community that does extensive work at the golf course and the attitude of that e-mail was really quite unacceptable. That e-mail was directed to the Mayor and Director Johnson, there was no feedback at all.

So while I am very happy that now the administration takes this matter seriously, it should have done so when it was originally brought up when Mrs. Porten first came to speak. That's why I felt it was necessary to put this resolution on to get some action. At that point, it has been very successful, things are now moving forward.

But at this time I will ask the Law Director, as I did that day, why did the golf course administration fail to respond to my repeated e-mail requests and the resident, and why sir did you not get back to me?

Director Frey – Councilman let me just tell you that I did discuss the matter with the Mayor. I would expect that someone from the administration, whether it is the golf course, the Mayor's office or from my office, would respond to those kind of inquiries. I would not expect however, everyone to respond to those inquiries.

Councilman Langman – Someone,

Director Frey – If there's an answer, pardon me, I've got, wait a minute, you've asked me a question, I'm going to answer it, okay?

Councilman Langman – Go ahead.

Director Frey – If someone has responded to your question, I wouldn't expect everybody else to respond to your question. I don't think it's acceptable if no one responded to your question and I certainly don't think it is acceptable if no one responded to Mrs. Porten. I can't tell you that the Mayor or the members of the golf course administration did or did not respond, I'm not aware of that fact. I know that I can tell you with certainty that I did discuss the matter with the Mayor.

Councilman Langman – And you are aware that in your e-mail that you said that you would get back to me on this matter?

Director Frey – I'm sure I probably said that. No I'm not aware that, but I'm sure I probably said that.

Councilman Langman – Now Law Director Frey, we've been going through this for many years, you know I have the e-mails right here.

Director Frey – I'm sure you do and you're more than happy to read it to me.

Councilman Langman – I don't think that's necessary. The point is that, politics set aside is that you have residents over there with real issues, with no answers until yesterday. The administration I think is responsible for that. Again, I'm very happy that now via the Resolution, we're going to seek action there. But what I am concerned about again is the attitude of certain members of the administration that this issue really had no bearing, no importance, this is somebody complaining or I am complaining. We owe it to the residents, no matter what the issue is to address it in a fair minded and wholesome matter, so that we can get them real answers. So I would challenge the administration to come up with a better policy of communication not everybody can pick up a phone or swing by the Mayor's office. In fact I don't think the Mayor really that this issue should have gotten that far. It should have been addressed before hand.

President Holzheimer Gail – Mrs. Porten is here, can we, I know that there's been a lot of action since that time and that's why I moved it up so she could hear a response. I think this Resolution is a reminder to all of us about the importance of communication and responding to residents.

Director Gulich, I know you went out, would you just share with us what the results and what the plan going forward is so we can move onto other issues.

Director Gulich – We did see Mrs. Porten when we were out there with the City Engineer yesterday. Explained to her what our plan of action was going to be. Our consultant surveyors were available today, the very next day. They were out there doing the necessary surveying work that will be necessary in order to make a decision on what the final project will entail. Mrs. Porten, I didn't see her today until just before the meeting, but she did have a chance to talk with both our surveyors and the golf course representatives as well.

Councilman Langman – Just one more comment that I have and then I believe in the spirit of cooperation I will pull the Resolution. Last night Mr. Sloat also visited with Mrs. Porten and

indicated again that perhaps her downspouts are the issue. So Director Gulich, who is actually quarterbacking this particular issue to resolution? Is it the golf course, it is you, who?

Director Gulich – It will be myself along with the Mayor because the Mayor is ultimately in charge of the golf course.

Councilman Langman – Very good. With that Madame Chair, I will make a motion to pull the Resolution with the caveat that if no progress is reported back, then it will be on again for the first of September.

President Holzheimer Gail – The Resolution has been pulled. Let's move onto Item #3, thank you Councilman Langman.

**Ord. (149-2009 (364-09) Kenwood HOME**

An emergency ordinance authorizing the Mayor of the City of Euclid, or his designee, to enter into agreements with the Cuyahoga Housing Consortium (“Consortium”) and Kenwood Village LLC (“Kenwood”) for the provision of a forgivable Home Investment Partnership (HOME) Program loan in an amount not to exceed One Hundred Twenty Two Thousand and 00/100 Dollars (\$122,000.00) for the rehabilitation of the Kenwood Village Apartment complex, 385-461 East 222<sup>nd</sup> Street, Euclid, Ohio 44123. (Sponsored by President Holzheimer Gail and Councilmen O’Neill and Van Ho)

Councilman O’Neill moved for passage, Councilman Van Ho seconded.

Director Pietravoia – Thank you, I would like to start off by giving an overview of the proposed project. Before I do that I would like to introduce everyone who is here with us tonight. We have Mr. Paul Herdeg from the County Department of Development and he not only oversees the HOME program but also assists with the HOME Consortium, which I’ll describe a little bit as part of my remarks. Then we have representing Kenwood, Miss Lisa Coffee, who is the onsite manager of the complex, and Marty Castelletti and Mr. Gliha from our staff who have also been involved in the project.

First of all I just want to start out by saying that we don’t go into these projects lightly, there’s a lot of time invested in working with the owners over a fairly lengthy period of time, not only on the part of our staff but on the part of the owners and the County Department of Development as well in assisting us to determine if the project makes sense for home funding.

Euclid is one of four communities that is part of the HOME Consortium. This is a consortium that was legally formed years ago and about every three years it comes back to this Council to renew our membership in that consortium. That allows us to get HOME funds in addition to the Block Grant dollars that we receive from the Federal government. The HOME funds are, as pointed out in the memo that was issued to Council, are specifically, their purpose is to help provide decent, safe, sanitary and affordable housing and to assist in tenant-based rental assistance projects.

At Kenwood, over a period of the last few years, they have in fact invested and continue to invest their own dollars. The idea behind a program like this and structuring it as a forgivable loan is to help leverage the private investment that they have already made and continue to make on the property.

As I’ve pointed out in the memo, they’ve invested over \$660,000 primarily that’s past and planned in primarily interior common areas, new carpet, refurbished floors, appliances, some exterior painting, roofing, windows, boiler systems. The property is in fact inspected annually. They’ve addressed a majority of the code violations. The items that would be taken care of through this HOME funding are those that are primarily on the exterior and in your package, I don’t know if you have everything with you this evening, I know there was a lot of material that we submitted to you, but there is a listing in the actual contract, entitled Home Fund Agreement. It is attachment II in the document that is entitled Home Funding Agreement. It outlines the budget for the project that totals \$122,000 and it details the exterior improvements that we’re talking about using the HOME funds for. I think everyone has it in front of them.

For the record and for Ms. Hauck if she listens to the tape of the meeting later, it includes a little over \$12,000 for sidewalk repair and replacement; \$19,000 for the asphalt resurfacing and re-striping. Fox Ave. area, the complex goes north and south of Fox Ave., so there are several parking areas associated with the complex. They are also going to be resurfacing the north and south alley ways where the garages and parking are located on the two ends of the complex for approximately \$21,000. They will be installing entry door locks for \$6,000. Tuck pointing estimated at \$20,000. They will be upgrading and wrapping the fascia on the garage structures on Fox Ave., about \$1600. Replacing irreparable garage doors on Fox Ave., a little over \$11,000. Repairing the garage doors

on the north and south alleyways for about \$2,500. Installing glass block basement windows for \$11,500; replacing fire panels for \$2,000. Some additional exterior paint touch up, estimated at \$1700. Then there are incidentals associated with the project that are required by the program; they'll be doing lead testing on flaking paint, environmental and legal to actually assist preparing the documents that are before you tonight. That totals \$13,000. The actual investment in physical improvements is \$109,000 plus the \$13,000 brings the total to \$122,000.

I want to explain at least briefly how we get these requests. It does stem from our annual rental inspections, when the apartment inspectors go out, as they work with the owners to develop programs to correct all the violations, many times, there are financial situations where the owners can't do everything that's required of the code violations that were discovered. We have changed the code recently, again to address one of Ms. Hauck's questions. Was about a year or two years ago that we changed the code on major complexes requiring major repairs where we would work with the owners over a period of time to make the corrections rather than expecting everything to be done in the current year that the violations were first cited.

So they've made tremendous progress, particularly on the interior and this funding will leverage the dollars needed to complete the majority of the exterior. If you had a chance to look at the agreement, it also spells out and this was a result of several site visits including one that involved both council members who represent this area, Councilman Van Ho and Councilman O'Neill, Council President Holzheimer Gail also joined us on one of the visits. Asking for and leveraging additional private investment for additional improvements that will not be funded through the HOME dollars. That is to initially repair the fence and trim all the overgrown foliage along the property line that abut against the single family neighborhood surrounding the property. Then later to install, after making the initial repair within a year, to install 6' pressure treated board on board fence along those property lines that would completely replace. In essence what you have now is a combination of many private homeowners' backline fences. Some of them in disrepair, really not the responsibility of Blisswood, but they've agreed to at least close up the gaps in that fencing until they undertake the larger project of replacing the fencing. And then they will continue the program by July 31, 2010, they'll replace any of the remaining, non-repairable or missing garage doors that are not covered by the funding through the HOME program and they will also ensure that all the driveway aprons, primarily concrete driveway aprons are replaced at all the entrances to the project.

In total, I don't have an estimate for those additional investments, I'm not sure if anyone from our team does, but in total they will have invested well over, between the money they've already spent, \$660,000, these future improvements and the HOME funding, well over \$800,000.

The benefit to the community, in my opinion, there are several benefits and I addressed this in some questions that we did receive from Council in advance of the meeting tonight. Primarily, we have to look at the fact that in an expedited manner, rather than over several years, we're going to be able to correct most of the exterior code violations through the availability of this funding. That's going to secure the property, it is going to increase the property value itself, and I think it should be evident that any time we're able to correct, especially exterior violations that are very visible to the surrounding community, that it is also going to help stabilize and secure the property values of the surrounding neighborhood as well.

The reason for the emergency ordinance, it is very simple logic and if Council doesn't feel that they agree with that logic, then the owners will work with the timeframe that they need to. But this is a special meeting. We worked as quickly as we could to bring this before you to take advantage of this construction season. If this were not an emergency, even with the Special meeting, they'd have to wait at least 30 days before this law became effective for us to be able to enter into the agreements. We're asking for your consideration so we won't lose this season, especially since all the improvements are exterior improvements that are planned.

I'm not sure I addressed all the questions and I don't want to dominate the conversation because I know we have a full panel here that can help address comments and questions from Council as well. I guess I should touch just briefly in my comments on the rents and the income guidelines before I turn it over. The current rents at Kenwood Village, it is primarily a 1 and 2 bedroom apartment complex. The rents range from \$499 to \$549 for those 1 & 2 bedroom units. In this program, the units that have to remain affordable, that are required to remain affordable, have to be at or below the HUD fair market rent limits, for the Greater Cleveland area in essence. Those rent limits are for 1 bedroom \$576 up to \$694 for the two bedroom.

In this project, 11 units of the 93 total, are required to remain affordable, at those rent levels or below, for a period of 5 years, which in the big scheme of things is relatively short time period.

The fact of the matter is, as I pointed out in the information I'm presenting to you, all of the units already fall within the market rent limits that HUD requires. So that's really a non-issue. They will ensure that if the rents go up, that those 11 units over the five years would not exceed the HUD fair market rents.

As far as the income guidelines, and this would only apply to those 11 units for a period of 5 years. They are the identical limits that are used for all of our block grant funded programs. We have to assume that with 1 & 2 bedroom we would range from a one person household to probably up to a 4 person household. So those low mod limits are \$36,300 for a one person household and \$51,850 for a 4 person household.

Generally speaking and we may have some more specifics since this information, but those ranges are actually within the range of this particular census track and a good number of tracks in the City of Euclid.

President Holzheimer Gail – So we don't have any way of knowing how many of the current residents are in that guideline, other than the census information indicates that they fall within that range?

Director Pietravoia – Correct. The specific question Ms. Hauck asked tonight are how many are below poverty and we don't collect that information and I don't believe the apartment complex collects that information. They may obviously be aware of income in order to qualify tenants to enter into a lease there, but they're not necessarily tracking it specifically as to how it relates to the poverty level.

President Holzheimer Gail – Again it is important to remind folks that we're not talking about below poverty, we are talking about 11 units, low to moderate income.

Director Pietravoia – Correct and that's why I wanted to qualify while Ms. Hauck was still here that, her question was general in nature asking if this is going to be low income units or low income project. That really is not an accurate statement. It's HUD designated low to moderate income levels, which apply to our entire community and in fact reflect the average incomes of many of our residents already.

Mr. Herdeg, I don't mean to put you on the spot, but would you mind commenting on, since you're familiar with all the cities in the Consortium, and the types of projects that come before the Consortium, one of the questions was why are the loans structured this way as forgivable loans, perhaps if you can comment on that as well.

Mr. Herdeg – I do bring greetings from my boss, Mr. Paul Oyaski, who we recently celebrated his 5<sup>th</sup> anniversary serving as the County Director of Development and he said it doesn't seem like five years.

I do work for the County's Development Department. I've been there awhile. Part of my job is to work closely with the federal HOME program, which is the source of the funds that we're talking about tonight. Almost always, when the loans are made to the owners of rental property in this program, they are done as forgivable loans. The reason is, the types of properties that they are assisted, are typically properties in older communities that are facing some repair needs and are already charging as much rent as they can afford to charge. The market in Greater Cleveland isn't one where rents can just be raised, it is not a hot market, actually I don't think anywhere in the Country is a hot market right now, but even when there was a hot market on the coast, New York, LA, it wasn't so much here. Property owners really can't raise their rents. What will happen is they'll lose tenants. When there is a need for additional funding to take care of basic repairs, typically code violations, the owners are kind of in a spot. If they go to the bank and borrow, they'll need money to pay back the loan. If they try to raise rents to get that money, they're going to lose tenants. They get into a spiral, downward loss of money.

Typically you come in with the federal funds as we're doing here and make a loan on a basis that doesn't require repayment. That is done not to enrich an owner, but to recognize that after you look at their finance, their situation, they simply can't afford to make payments. The public goal is to get a property fixed up, which I understand it is here. This is the type of resource that's appropriate when you've analyzed and determined they can't afford to take a regular bank repayable loan. That's why most of these loans are made on this basis.

Director Pietravoia – I did want to just comment that we're in fact not setting a precedent. We have done a number of these projects already. They've been spread out over a good period of years. I believe the majority if not all were also structured as forgivable loans.

Councilman Van Ho – First of all as the council person who lives closest to these apartments, I hope that we pass this. Because it has been my experience that the complex, number one, they keep it up fairly well. Number two, it is a quiet place where I don't see cop cars pulling in and out of all the time. I have known some of the residents and they just run a good shop overall. I think we should encourage landlords like that.

Councilman O'Neill – One question, the money that is spent on this project can only be spent on this type of project? In other words, it is not general fund money, it is not money that can go to other types of projects. This money is strictly funded for apartments to do these repairs, am I correct in understanding that?

Director Pietravoia – Your statement is generally correct Councilman. The funds can be used for other housing type activities that would promote the goal of creating decent affordable housing. So for example, members of Council might recall that we intend to use some of our HOME funds in relationship to the purchase/rehab program that we'll be operating with the NSP dollars, I'm sorry to throw out all these acronyms. But the other federal dollars that we receive that are allowing us to purchase and rehab vacant foreclosed homes, will be using some HOME dollars for pre-qualifying and down payment assistance for the potential buyers of those rehabilitated homes.

Mr. Gliha is pointing out to me that over the years, EDCOR, which is our non-profit that does housing rehab here in the community, has done a total of 89 loans, over \$1.2 million in rehab loans to our residents for single family homes, using HOME funds. They also can take advantage of Block Grant dollars, but they use both HOME and Block Grant. Mr. Herdeg might want to comment on other uses of the funds, but those are the primary ones we've used them for in Euclid.

Councilman O'Neill – My other comment is I've had some complaints from the residents over on Lakemont and Seabrook and we did a site analysis that Councilman Van Ho and myself and Council President Holzheimer Gail, as well as Director Pietravoia and Marty Castelletti. Some of the issues that I have will be addressed with this money. One of the problems is on the north-end of the property, the driveway with these vacant garages, kids are cutting through holes in the fence and they are creating havoc on Seabrook and they're cutting through the property. This is going to address some of those problems of the kids evading the police when they come down these streets. We we're willing to work with the property owner hopefully we can come up with a pretty good solution here. I'm looking forward to this project going ahead and I would hope that all of Council would support this as well.

Councilman Langman – Director Pietravoia I know about 5-6 years ago we did a similar project on the lakefront with the idea being that we don't want to price people off the lakefront if lakefront development happens. Is it a correct assumption that the program is wide enough where it could be the creation or preservation of low mod, can it address both of those items?

Director Pietravoia – Yes, I believe the guidelines are flexible enough that it allows both and the example you pointed out, we had 50 units to remain affordable for a period of 15 years on the lakefront project. That period is still continuing, I think we're about 5-6 years into it.

Councilman Langman – So eventually if those towers are either converted into whatever, those units will remain for the low and moderate income folks?

Director Pietravoia – Yes and they will remain at those fair market rent levels that HUD determines for the greater Cleveland area. Actually they do that nationally but those specific figures I gave were for the Greater Cleveland area.

Councilman Langman – Are there any other apartment owners that have inquired about participating in the program or that would be eligible for the program? If so, how quickly might we be able to address their needs?

Director Pietravoia – This is an ongoing process. Each as the inspectors talk with the various apartment owners, I know that others have expressed interest. Sometimes when they begin to understand the program and the requirements, it is fairly complex, they don't always decide to pursue it. We do make sure through the inspectors that the apartment owners are aware of the program and certainly if there are any that you're aware of that you'd like to specifically direct us to, to meet with them and see if they might be interested in the program, we'd be happy to do that.

Councilman Langman – I do have another candidate in mind and it is a good program. I understand some of the concerns that have been raised, but that's really a different type of policy issue. You want to preserve sufficient adequate low and moderate income housing. It is clear that this city needs more upscale housing, but that seems to be a different policy approach than this program is designed to address obviously.

Director Pietravoia – That is an important point. If I can comment on that, if this were the only thing that we were doing, I would share some of the concern, but we are trying to take a multi-pronged approach, trying to advance new housing development on the lakefront, we have another project coming up after this that we'll be discussing. We have to be looking at various aspects and trying to create new construction and housing opportunities in other price ranges as well, in addition to the affordable projects that we're working on.

Councilwoman Jones – Director Pietravoia, I just have a couple of questions and I apologize, I had to step for a minute, but I don't know if you answered these questions or not. I think there was one question that was brought up, maybe it wasn't, but I do have a question as far as the number of violations, are these violations that have been ongoing and just haven't been repaired? My other question is, this funding, I'm assuming just takes care of outside structure and not inside, not anything taking care of the inside. My last question is, with these funds available and if an apartment owner knows that this is available and they could apply for it, what is going to make sure that they are keeping up with their violations on a yearly basis and not letting things slide to the point where they know that they maybe able to apply for this type of funding? Do you understand my question?

Director Pietravoia – Yes, I understand the question. I think that most of you are aware that we have had and continue to have a pretty aggressive inspection program on the rental side, one of the most aggressive in the County. So, it is known out there and our property owners for the most part are not new, they know that they're going to get an annual inspection and they need to keep up with these violations.

I don't see this as a scenario where we're creating an incentive for people to delay so that they can take advantage of this funding. We tried to get in there and make the funding available as soon as it becomes apparent that they're not able to do it with their own finances. For the most part, they are corrected with their own finances.

As far as your question on the inspections, we did talk to the inspector that is assigned to this complex and he indicated that all the interior violations have been corrected, so most of the work they've already done has been interior. With the planned improvements, the exterior violations would all be completed and that would put them in a position to get a full, what we call a full annual certificate. In many cases the certificates have to at least address the health and safety violations which are called the A Violations. They can get a partial certificate to continue operating if all the A Violations have been corrected while they're working on the B Violations which are non-health and safety related. In this case they would get a full certificate, they would have both A & B addressed with these improvements made.

Councilwoman Jones – Once a complex goes through the process and they get these funds and they do their renovations, is there a time period before they can apply for it again? Let's say the building changes owners and now it is up for, there's some violations that you know, they're in the same situation. Is there a number of years that they have to wait before they can apply for these funds again?

Director Pietravoia – I'm going to defer to Mr. Herdeg on that question.

Mr. Herdeg – Yes there is and in this case it is 5 years. It is the same time that they have to monitor the rents and the incomes. It is a federal law and cannot be waived by the City.

Councilwoman Scarniench – There's 93 units, are they all occupied at the current time?

Ms. Coffee – No. Actually there's 15 vacants.

Councilwoman Scarniench – After serving on EDCOR's board for a number of years, I fully support this. It is a great use of our tax dollars that the federal government gives us back. My question is, do they get funds upfront, or do they have to do the repair work and then they get the funds?

Director Pietravoia – It is structured as a reimbursement. They have to complete the work and show proof that it has been completed before the City and county will reimburse them for the work done. They are not getting the full loan amount upfront, it is as the work is completed and they show evidence and we've inspected it to our satisfaction.

Councilwoman Minarik – Director Pietravoia, who are the principles in the LLC, do we know their names?

Director Pietravoia – The two principles that will actually be signing a document that will guaranty the loan are the Millers, I'm not recalling, you can respond Marty.

Mr. Castelletti – Scott and Cheryl Miller. They have been owners of the property for 4-5 years. This is part of a five year ongoing maintenance and repair plan. They've actually put a lot of money into this over the past few years and they are the principal owners.

Councilwoman Minarik – When I first moved to Euclid in 1989, I lived in the Kenwood apartments on the south end, loved it, loved the courtyard. But I have a couple of questions, you keep referring to low mod income, but when I was reading through this, it specifically says income requirements, in Attachment II at the end, that the funds must be occupied only by households, this is in the very first paragraph of Attachment III Qualifications, and it specifically says that they must be occupied only by households that are eligible as low income families. It doesn't say low mod, it says low income families. I believe that is where Ms. Hauck got her information from. We can get rid of the mod aspect of it.

Then it gives the formula that these low income renters, their income cannot exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income. Mr. Gliha, what's the median income of that neighborhood?

Asst. Director Gliha – We don't have a specific median income of that small area. The latest census data which is 2007 census data shows the median family income for the City of Euclid at \$50,031.

Councilwoman Minarik – That is for a family?

Asst. Director Gliha – That would be a family income. I suppose if we're looking at the 1-2 person households, which they would be called households, the median household income in 2007 is \$37,736 for the City of Euclid.

Councilwoman Minarik – If that's the median household income, how is it that the income requirements for these low income people, Mr. Pietravoia I'm trying to find this here, where you told us how much their income was going to be, it was right around that. But, according to this formula, the low rent units, their income cannot exceed 30% of that median income. I don't know where you came up with the figures you did which was a two person would be making \$56,000. That's not low income according to this formula is it? Could you explain that?

Director Pietravoia – First of all, the \$51,850 and Councilwoman it was in the e-mail with the questions responded at the very end. I know you have a lot of paperwork there, so try to direct you to where it was it, it was the last question. It was \$51,850 for a four person household.

Councilwoman Minarik – That's considered low rent, that's low income? Not according to this formula. If the median income is 50 or 37 depending on which you're looking at.

Director Pietravoia – The figures that I'm quoting to you are the low to moderate income that HUD requires us to use based on household size. I would like to defer to Mr. Herdeg who has a lot of experience in working with this program.

Councilwoman Minarik – I'm specifically quoting from Attachment III, where it says that the rent, oh I see, that the rent cannot exceed, okay. So if the median income is \$50,000, what is the formula to determine what low income is, if median is \$50,000?

Mr. Herdeg – If I could try to help and if I'm heading in the wrong direction, please stop me. What I would like to suggest is if we could take a look on this Attachment III on page 3, which is the paragraph that starts with (h), where it says tenant income. The reference there is to making sure that the incomes of the tenants in the 11 assisted units are checked every year. So, the only limitation on the income is as Mr. Pietravoia said, at what we call the low moderate level, which is sometimes called the 80% median income level. It is in fact the same level as used for the city's Block Grant programs. That is the income limitations, it is the low mod, it is the 80%, it is the Block Grant income limitation.

But I have to admit these papers are not written as clearly as they might be and coming back to the first page of the document as was indicated, there's wording on rent limitations which does contain some different numbers, 30's and 65's, but those are only what the rents can be, those are not the incomes of the tenants.

Councilwoman Minarik – So low mod is the same as low?

Mr. Herdeg – I'm not quite sure where the confusion has come in, but the 80% limits are low mod limits. In HUD speak, low is 50% and there is not a 50% rent limit on any of the tenants here. The income limit is calculated with reference to 50, with reference to low income, but it is not a limit on the tenant's income, it is on what the rents can be.

Councilwoman Minarik – Let me put it another way, if the median income is \$50,000. What is my income if I'm to qualify as a low income person, how is that calculated?

Mr. Herdeg – Low income in HUD speak would be at the 50% level. So it depends on household size. For example if 80% is \$32,000, you've got a chart here, thank you Frank. For example for a household of 4, low is going to be \$32,400. But low mod, which is what we're actually using here is higher than that, it is \$51,850.

Councilwoman Minarik – Well then why does the attachment III in its opening paragraph not say low mod, why does it say low?

Asst. Director Gliha – If I may, I think I can help clarify a little bit and it is all in the terminology. For years, the block grant has been in existence for 35-36 years and for probably the last 34 years, the income limits were referred to as the Section 8 income limits which divided the incomes into two brackets, 50% of the median income and 80% of the median income. Within the last 2-3 years and for old timers such as Paul, myself, I suppose it is sort of hard to get used to the change in terminology. If you go and look at the HUD income charts, which I have in front of me and they required this 3-4 years ago, three levels of income reporting. The first one being very low income, which is the 50% level of the median income, which used to be, when we only had the two levels, used to be the low income level. Extremely low is the 30%. Very low is the 50% and now 80%, instead of calling it mod, they're just calling it low.

They threw in a new category. Someone in Congress decided that we also needed to start keeping track of the benefits we provide to what they call the extremely low or the 30%. So they changed all the terminology, really got rid of the moderate income and made the 80% which for years was moderate, they now call it low. I know that's sounds confusing but we went from two, 50 and 80 percent to three, 30, 50 and 80. They changed the terminology from extremely low, 30, very low 50 and low 80 percent.

This document as put together by the legal counsel is correct in referring to the income as low because that's the highest income that you can go which is the 80%. I hope that helps explain the difference in terminology that we have going here. To people like myself who have been in the business all 35 or whatever years of it, it is engrained to say low mod. What the mod was, was the 80%. Now the federal government is not using mod and they're using low for the 80%.

Councilwoman Minarik – That did help a lot. Then I wanted to address one of Ms. Hauck's question was, if these violations have been in place, isn't there, we are letting them know that they were not obligated then to fix those? Isn't it a legal obligation to fix the violations? But we're going to pay for their violations to be fixed now? The problem I have with this, let me backtrack. I took the liberty of bringing a stack of violations that one precinct, this is just one precinct in my ward. This is pro-active inspections. There are many more than 93 here. These are people who were told that they had to repair their roofs. These are people who were told that they had to put gutters on their house. These are people who have lost their jobs and have received threatening letters that they would get \$1,000 fines. These people even if they go to EDCOR still have to pay 3% on the loans, if they get the loans. I understand that's getting more difficult too because they are getting harder to pay back.

I have a problem going back to these people who have shelled out literally in this one precinct because I've seen it. They have shelled out literally tens of thousands of dollars this summer repairing their violations. They have not asked for help. There was no letter accompanying these violations saying, oh by the way, it is possible that you can get money, we'll give it to you, all right. No, the best I could do was offer them an EDOR flyer, the weatherization is three years down the road, people can't even get a return phone call when they call the weatherization program to even ask any questions. I have a hard time for this apartment complex, which I dearly love because I did live there for a number of years. But, based on the rent that they're charging, 93 units, it comes out that they're probably pulling in, in rent, about \$500,000 a year. So over the course of three years, it is quite understandable that they could put \$600,000 into the place. Now we're going to give them \$122,000. What about these people who consist of seniors, who consist of recently laid off people, who consist of people that are facing foreclosures?

This is the problem that I have with this. I don't see how I can go back to these people and this is just one precinct out of six. There's five more. This stack is really six times the height of this, alright. I also have a problem that the only time we seem to be able to afford money is when we're going to say we'll bring in low income and I have a problem with that. If we worked as hard on the Marina, and getting good quality housing stock on the lakefront, if we worked as hard on there and as we do giving away money, and rehabbing houses that should not be rehabbed, okay, in order to put low income people into them, using the current terminology now.

We need a balance. We need a balance policy where every time we invite, we give money away to bring low incomers in, we need a corresponding policy to attract middle class. Because we need a mixed economy. Down the road if we continue to pursue these policies, the median income of Euclid is going to drop. The property values will drop. I have a hard time believing bringing low income people into a neighborhood will increase the value of the neighborhood. I find that hard to believe. Just as an aside, I really take offense at the term affordable housing which implies that all the other units are unaffordable. If that were the case, they wouldn't all be filled. We have to find a better word than affordable housing.

I just don't see that this is good for the City of Euclid. Our inside millage is already going to plummet this year. The services, the hospital, and I think I've said this before in an e-mail, I am concerned at the drain on our city services by our policies that invite people that probably don't have W-2's, so therefore don't pay income taxes. This is my problem. We need a balanced policy to attract a vibrant middle class at the same time so that we can have diversity of economics, diversity of religion, diversity of race; just total diversity. But we are losing our economic diversity in this town. Thank you. I'm going to vote no on this by the way, if you didn't know.

Director Pietravoia – I don't know that I can even begin to respond to the variety of facts that you just outlaid in your comments Councilwoman. I guess I am a little bit surprised. I did see your e-mail today that you sent to Council so I knew that you had concerns about this. I did not take from that e-mail that your concerns were as wide-ranging as you expressed tonight and I certainly would have appreciated knowing that.

You have every ability as a member of Council to meet with us, suggest programs to address the concerns that you raise tonight and work with your colleagues to get new programs established if you don't believe they're there to help the people. I do believe they are there through EDCOR. I don't think that I can begin to defend all the comments that you made tonight.

I do want to say that I feel very strongly and I take objection to your representation that we're trying to turn Kenwood Village into a low income complex and that we do nothing and don't spend time or invest time on any other projects but to bring low income families into this community. I take great offense at that. If you can't tell, I am very upset and angry at some of your remarks tonight.

Councilwoman Minarik – I can appreciate that.

Director Pietravoia – I'll let your colleagues respond.

President Holzheimer Gail – The important thing that I think we're forgetting here too is that this is a way to help improve this apartment complex which helps everybody. We have other programs that help business people, that help a variety of community members. We do storefront renovation to help spur investment. This is on a big picture, very similar to that.

We're not attracting, trying to bring, the people who live there fit this income category, there's no debating that, they fit that. We're not creating new low or moderate income housing, it is there, we're helping to improve it. Helping to make a business successful that we all want to see that. In a perfect world everyone who is cited would be able to fix their violations. We all know as serving as ward council people that's not always the case. Sometimes we need to give extensions and we'll work with them for a number of years. Sometimes we're able to help financially. This is a way to help improve that housing, that apartment complex and that particular housing unit.

Again, so everyone in the public knows when we're talking about budget issues, this is not general fund money. This is money that comes from HUD through the County Homes Consortium. It is not taking away from other projects that we're doing. I agree, there's a variety of good things happening in this city. It is our role as well as the administration to come up with program suggestions and ways to improve our housing stock, ways to improve our city as a whole, that's all of our jobs.

Councilman Wojtila – To Miss Coffee if I could ask a couple of questions. One of the previous comments was, the owners of the structure has owned the facility for about 5 years and the vacancy rate right now is about 15 out of 93 or 16%. Is that a typical vacancy rate?

Miss Coffee – No, we had to actually evict several people that could not pay their rent. That's why the vacancy.

Councilman Wojtila – Ms. Hauck mentioned the long term vision. I guess the question I have for you, is what is the long term vision that the ownership has for the Kenwood Village apartments? Do they plan to keep it? Do they want to preserve it and promote it and grow it and improve it? What's their vision?

Miss Coffee – They're actually planning to grow it, make it look better, they want it to look better in order for people to come live there and enjoy the City of Euclid.

Councilman Wojtila – As previous Council person has the Kenwood Village apartments been similar to what Councilman Van Ho has said and it has been a decent location problem-wise?

President Holzheimer Gail – The only issues that I am aware of, even going back my ten years, is the issue of the fencing along the north side and that's going to be addressed through this. Not with the HOME funds but as a result, a condition of receiving these funds, they've agreed to do fencing along the north end. I can't remember getting a lot of calls from that area.

Councilman Wojtila – Director Pietravoia or anyone else on staff, in my own Ward, I know a lot of times the problem houses or problem locations are tenant related. Has Kenwood Village shown that they've got problem tenants that they'll work to relocate or evict?

Director Pietravoia – I think that question is probably more properly directed to the Property Manager. She did already indicate through her remarks that the reason they have the vacancies they do is because they evicted for problem tenants.

President Holzheimer Gail – Could you add you policies or how you go about, do you do background checks, what do you do when somebody comes in and you're renting a unit. What do you do if you have a problem tenant?

Ms. Coffee – Yes, we do background checks. We also run their credit. They do have to make 2 ½ times the rental amount. We do background and credit. Some people run into problems where they are unable to pay their rent, at that time we do file start the eviction process with the courts.

President Holzheimer Gail – Do you have a policy in place, I think the question was getting more to, if you have a tenant that's causing problems, do you have an eviction process, other than non-payment of rent, if they're causing problems.

Miss Coffee – Yes is they do cause problems, we have to send them a letter, it is the chain of command, and also file with the courts if there is a problem.

President Holzheimer Gail – Have you had to do that?

Miss Coffee – No.

Councilman Wojtila – The amount of 11 out of 93 units or 12%, how is that determined?

Mr. Herdeg – Marty has worked we me on this. Marty is a real sharp fellow you have here. We did some math together. There's a formula that says you take the amount of the federal money, the HOME money and you do a ratio between that and all the other money the owners are putting in, the \$600,000. It gives you a fraction and you basically apply that fraction to the size of the whole property. So we did the math and that's how it came out to 11 out of the 93 units. You don't count the leasing office, you don't count that so that's why it is 93 units.

Councilman Langman – Director Pietravoia, just to sum up, for the current tenants that are in those units that are going to be designated under this program, if they fit the guidelines, will it be transparent to those tenants, or do they have to go through some re-application process?

Director Pietravoia – As I understand it, it is pretty much a transparent process. They have to agree to designate 11 units. They could be the vacant units. If they found some how, it is not likely because of the rent levels and the incomes that we expect are already in the apartments. But if they found some how that the existing tenants didn't meet it, those units are floating throughout the

complex so as long as they maintain 11 during the five year period anywhere in the complex, they will have met the regulation.

Councilman Langman – So they can designate different units throughout the five year? Very good. Again, I am sympathetic to where Councilwoman Minarik is coming from. But it is a bigger policy issue than what we can deal with by either approving or disapproving this particular measure. Every community I think needs to strive for economic integration. Quite frankly the federal government with a project like the Lakefront, they've shown no inclination so far to help us. Bringing in what Director Pietravoia your predecessor Kory Koran said was more unaffordable housing, is not as easy as a process as it may seem. I know it is very frustrating, but we really have to push for that economic integration if we're going to be successful. I think that's a different policy issue that this program is really not particularly involved with.

Councilman Van Ho – First of all, Councilwoman Minarik brings up a good point that we don't maybe advertise EDCOR enough. When we send out, to use her words, the threatening letters, we probably ought to have an EDCOR pamphlet in there along with an outline of the program. But I think more important, Director Pietravoia, I think you do a very good job overall of trying to bring business in and rehab the storefronts and rehab the apartments and rehab the houses. I don't think we're aiming at all to low income people. I just think that needs to be brought out. That's all I have to say. I would like to make a motion to close debate if possible.

President Holzheimer Gail – I think there's still a couple of questions so I'm not going to take the second for that yet.

Councilman O'Neill – To Director Pietravoia and Mr. Gliha and Marty Castelletti. For somebody on a regular basis stays in contact with you as to what projects are going on in the city, I really appreciate your hard work. I think the comments might have been a little bit off base, but you folks work very, very hard in the city in a very, very tough economic time. What we need to do is put more people back in the City. There will be legislation coming on a little later that addresses some of the housing issues.

The idea is by putting more people or fixing up this apartment complex, hopefully attracts more people back to the City of Euclid. We get their income tax which helps not only the city but also the schools because half of our, the .85%, goes to the City Schools. Right now, we're biting the bullet and we're trying to get people back into the city. We're trying to fix up the current housing stock that we have. Hopefully the economics will change in a couple of years down the road and we can start tearing down more houses, develop the lakefront with more upscale housing, absolutely. But right now, this is what we have, we have to play the cards that we're dealt. I for one appreciate the hard work that you guys do, day in and day out, and your staff. I support this legislation and I will be voting yes.

Councilwoman Scarniench – Just a comment, I've said it before, I resent the remarks that are made up at this podium sometime because when you look at the 2009 HUD guidelines for 41 years my husband worked for the City of Cleveland Heights and I qualify for it. Now that he's retired, we definitely qualify for it. I feel I'm a pretty good person to live in the City of Euclid.

Councilwoman Jones – Regarding the income levels the requirements for those 11 units that you designate and you could pick different units every year. What happens if let say we have a good year or a good few years and now those tenants that are living in the units are now making above those income levels. Maybe they had children that we're living with them at one time; they're graduated and off on their own. Now they're down to maybe a two family household which before they were under the requirements of a four family household, and they are still living there, how do they fall into these requirements because now they'll be over the income level?

Director Pietravoia, this is a question for you, what is the total amount in the HOME money funds that's available to the Consortium?

Director Pietravoia – I'm not sure we know the full amount for the entire Consortium, Mr. Herdeg may know that. There is an allocation for each community so we would certainly know Euclid's.

Councilwoman Jones – Is there a percentage based on the total that each community has?

Mr. Herdeg – We just got a letter from HUD a little later than usual. It's \$2.8 million for the entire Consortium which includes four larger suburbs and 50 smaller suburbs. There is a percentage, it is in an agreement between your city, the three other cities and the County Commissioners, a

percentage that's stayed the same for 14 years now. Your entitlement is based on that percentage applied to the \$2.8 million.

Councilwoman Jones – Is that percentage determined by the population of the City?

Mr. Herdeg – There was a very complicated formula back in 1982 which someone wiser than me explained to me. It is based on a number of factors including vacancy rates in the housing stock, the age of the housing stock, poverty levels. It was kind of frozen in time in 1982 and it hasn't been changed since. Partly because the numbers they used to calculate it haven't been fully calculated since then. It is intended to reflect sort of the relative need of Euclid, Cleveland Heights, Lakewood, Parma and the rest of the county compared to each other.

Councilwoman Jones – What's the percentage for Euclid?

Mr. Castelletti – It's 10% and it has been that way for 14 years.

Councilwoman Jones – Based on the housing stock and the economic times now, is this something that is, I know you said it hasn't been changed for 10 years or more, is this something that is revisited or will be revisited? Is it a possibility that that percentage will change based on the outcome?

Mr. Herdeg – Could be. Every three years as Mr. Pietravoia said, every three years we re-ratify our membership agreement. Last time we made an attempt to look at it, we looked at a whole bunch of data that came in, it looked like it wouldn't be much different if any. So the five parties, the four cities and the county, were all satisfied to let things stay as they were.

Councilwoman Jones – So it is reviewed on a regular basis?

Mr. Herdeg – Every three years, yes. Not to let your question go, we don't require anyone to evict anyone because their income goes up; that never happens. No one is ever put out just because they're doing better than they were the previous year.

Councilwoman Jones – So if you have all of the units that are now above the income levels, how do you handle that?

Mr. Herdeg – It is what is called the Next Available Unit Rule. So that when there was a vacancy, when someone did choose to move, then you'd say to the property manager, well in your next available unit, you can't rent to someone making more than a certain amount. That's how it would be done.

President Holzheimer Gail – If I'm not mistaken, that percentage is what's the entitlement, but there's been times that we've used more than 10% of the total and that's based on what's available to the Consortium and a vote of the Consortium. So I know the project on the lakefront, we used a much larger amount. I don't know if we need to get into that process tonight. The Consortium works in a way to make sure that projects that need to happen can happen. I didn't say that right, but I don't know if you want to comment on that.

Director Pietravoia – Just like all the block grant funds that we receive, there are time requirements on expending the funds and they don't like to see them sit there for multiple years. So when you see a larger project like that approved for a single community, it is in an effort, in part, to get the dollars spent as well in a timely way. The Consortium members all vote on each project. I think we neglected to say tonight that this was voted on and approved by the Consortium at their May meeting.

Just for the record I did want to comment that I do agree with some of the comments that have been made tonight about economic integration and we need to have a multi-pronged effort. We can work with all members of Council, Councilwoman Minarik and others, if you're interested in trying to see us expand programs that are more available to the individual homeowners, we can work at how we might be able to get creative with these dollars. In essence we would be expanding the funding that goes to EDCOR and try to broaden their program. I don't have the dollars with me tonight, but they do have in the past and continue to offer 0% loans, forgivable loans. As you pointed out, not everyone will qualify, but we try to work, spread the dollars as best we can for the people that do qualify under the HUD guidelines.

President Holzheimer Gail – Those might be good discussions in either the housing or the long range planning committee going forward. Unless there's any other specific questions about the legislation?

Councilman Van Ho moved to close debate, Councilwoman Minarik seconded. Yeas: Unanimous.

Councilwoman Jones moved to suspend the rules, Councilman O'Neill seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, O'Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail.  
Nay: Minarik

Passed.

President Holzheimer Gail – Thank you for coming Ms. Coffee and Mr. Herdeg. Give our regards to Director Oyaski.

**Ord. 150-2009 (367-09) Shores Edgecliff**

An ordinance authorizing the Mayor of the City of Euclid, or his designee, to enter into a revised Development Agreement for the "Shores of Edgecliff" with Coral Edgecliff I, LLC, 13990 Cedar Road, University Heights, Ohio 44118. (Sponsored by Mayor Cervenik and Councilman O'Neill by request of CS&ED Director)

Councilman O'Neill moved for passage, Councilman Langman seconded.

Director Pietravoia – We provided some additional information tonight to Council on this matter, so if you could pull those pieces out, or it just may have been one sheet. There's a Sales Price Analysis related to the Shores of Edgecliff Project.

The city recently received a request to amend the Development Agreement, this legislation relates to the Shores of Edgecliff housing subdivision that's located at E. 205 and Edgecliff for those that might not be familiar. The specific request that I'll explain further in my remarks is to remove requirement in that Development Agreement that only those units that sell for 80% of the projected sales price at the time the agreement was entered into, would be eligible for tax abatement.

Just to touch on our general tax abatement program throughout the community we offer tax abatement for new housing construction. It is primarily at 100% abatement and it ranges for a period of 7-15 years in some parts of the community. Just as background I wanted to make sure we put that out there up front.

As the project plans stand today, includes a total of 13 units, three that are free-standing along the lakefront and 10 attached units. The original project for those members of Council who have been here for some years was authorized by City Council in 2004 under Development Agreement that was executed at that time for a total of 11 units. The initial agreement was eligibility for 25% tax abatement.

By 2007 primarily based on experience with market demand for the units that were being built at the project at that time, two attached units, in addition to the lakefront units were built as models. The Coral Company determined that a downsized attached unit was more in line with the market demand at that location and at that time. That was brought both before the Planning & Zoning Commission and City Council and both bodies agreed and passed an amendment to the 2004 Development Plan and Development Agreement and that's what brought us to the 13 units and smaller attached unit, two models of which have been built since that time, since 2007.

At that time in 2007, probably a little bit prior to that, the housing market nationally and locally had started to take a down turn. Therefore the City also agreed at the time to amend the agreement to increase the tax abatement from the original 25% to 75%. Again keeping in mind that that's still below the 100% for the majority of the rest of the community.

This evening unfortunately as we look between then and now, the national housing market has weakened further since 2007 and has affected the ability to meet the projected sales prices that were in the original agreement. By the way those sales prices are still reflected in the document that's attached to the legislation that you have tonight. We can talk about that a little bit as we get into comments and questions.

But this brings us to the request tonight for the amendment to remove the minimum sales price requirement in order to qualify for tax abatement eligibility. Under the current housing market conditions, which it looks like are going to be with us for some time yet, we do believe that this is a reasonable request, three units are built that are attached and ready for sale, I should say four. One of the units has an offer pending and it is contingent upon receiving the tax abatement.

More importantly I want to point out and that's the purpose of the Chart tonight, that the sales to date indicate that we are on track to meet the goal of 80% of the projected sales for the total project, even though the individual units including the one that has a pending sale, doesn't meet the benchmark that was originally established for the 80%.

If you take a look at the chart and look down the list on the left is the projected sales prices and the total for all 13 if they were all to sell at the projected sales prices. Next column shows the 80% benchmark and the total we would hope to achieve if they at least reach the 80% which is about \$3.8 million. If you look at the units that have already sold including the one that's pending, we're already at almost \$2.6 million, that's the third column. Just below that you'll see that we're actually a little over 54% of the projected sales prices, not the 80% but of the full projected sales prices, just with five units sold, five of the 13 which is about 38% of the units.

I think the last column is most telling. In order to reach, if you look at the very bottom in the box there, in order to reach the 80% benchmark overall, the remaining units would have to sell for a total of \$1.2 million. I look even above that considering the pending sale and where that's at and assumed in that last column, if we reached a minimum sales price of \$200,000 and I think it will be at least \$200,000 probably more as the market starts to improve. The total with the sales that have already taken place and assuming \$200,000 or greater, we would be at almost 90% of the original goal.

The number themselves show at the importance of that 80% benchmark isn't as important today as it might have been when it was originally put in the document since the existing sales have already brought us to almost 55% of where we hope to be.

Just a couple last comments and Mr. Rubin is here tonight from Coral Company if you have any questions for him to represent the project. I think it is important to point out, if you look at the amended agreement that's proposed, we're just removing the language for the 80%. The projected sales prices are still in the agreement and included as a goal for the project. As I pointed out earlier, we do have other areas in the community that will still have a higher percentage of abatement offered. I think it is also important to note, that no other CRA or abatement area in the city has a minimum sales price requirement for new housing construction in order to be eligible for the tax abatement.

With that said, our recommendation is that Council favorably consider the request. I'd be happy to help respond to questions and as I said, Mr. Rubin is also here for specific questions for Coral Company.

Councilman O'Neill – I spoke extensively on this with Director Pietravoia and when the project started I wasn't involved with it, but now it is in my ward. It started off with no tax abatement and now its about 75%. Unfortunately it is the sign of the times. We would like no tax abatement and get 100% of the tax money? Absolutely. But the sad thing is that the market has turned for the worse, so we have an opportunity here to hopefully maybe sell some more houses and get them built over there and then bring in some of the higher income people that we've talked about on previous legislation. By selling a house say roughly \$300,000-\$250,000, not only are we going to get at least 25% of the tax on the property, but we're going to get their income tax. Getting people back into the city that are spending in our stores, showing the rest of the County that Euclid is still a thriving community, we are still moving forward, we're building new housing. We haven't died and we're not sitting on our hands. We've got a great Community Development Department and I appreciate Mr. Rubin working with us on this and I encourage the rest of Council to support this legislation and I will be voting yes.

Councilwoman Minarik – Director Pietravoia, this is one of those balancing policies that I was referring to. I'm confused. This is, and the people that already purchased, they're getting the tax abatement because they met the benchmark, right?

Director Pietravoia – That's correct. The four units that are already occupied did meet or exceed in most cases.

Councilwoman Minarik – Is the Coral Company paying tax on the unsold properties right now?

Director Pietravoia – They do pay taxes. The County doesn't always value the models at full value until they sell. They would value them at construction value, Mr. Rubin might be in a better position to indicate how that occurs. I don't believe they are being paid at the full value as the sales price would be.

Councilwoman Jones – Director Pietravoia, you mentioned that the new minimum sales price is in the last column for these units. The one that's in red, that is the minimum price now, it was the 80% and now is that one already at the new minimum price?

Director Pietravoia – Let me explain further. All the numbers shown in red and I apologize, I neglected to mention this, those represent the prices the homes actually sold for, with the exception of the one that's pending. So those numbers are carried over into that last column just so we could get a total figure for how much the sales that have already taken place plus if we went forward and sold all the other units for a minimum of \$200,000, how close would we get to the 80% goal, and we actually exceed it, we're almost at 90%.

Councilwoman Jones – So that one that's in red for \$200,000?

Director Pietravoia – That's pending. That one does not meet the 80%. If you look at the second column, the 80% would have been \$240,000.

Councilwoman Jones – That would be the new minimum amount and does that pending based on this outcome?

Director Pietravoia – That sale is pending the eligibility for tax abatement. If this is not approved, as I understand it, that sale will not go forward because they wouldn't be eligible for tax abatement and therefore their agreement would be null and void.

I do want to explain, I think there's a little bit of confusion, there is no new minimum. The last column was just to illustrate that if all the remaining units sold for at least \$200,000 we would meet and exceed our 80% goal that was in the original agreement. If the 80% is removed, there would be no minimum. There would still be included, if you look at the document itself, the goal of projected sales, which remain the same as that first column on the chart that we were using tonight. There would still be a goal but no requirement that the sale amount be met or that any percentage of it be met.

Councilwoman Jones – I guess I read the paperwork a little differently. I thought it was a new minimum that was being set, instead of the 80% benchmark. So now, the way it would stand if this is approved, those houses could go for, let's say one of them was going to be sold for \$100,000. They would still get the tax abatement?

Director Pietravoia – They would be eligible for tax abatement but the size model and the development plan that was approved by Planning & Zoning and City Council, could not be built for and sold for \$100,000. Mr. Rubin would be losing money, substantial money.

Your point is correct. There would be no minimum sales price, so any price the new construction sold for, they would qualify for tax abatement. I'm pointing out that we have the added backing or protection that the development plan that was approved by P&Z and City Council requires a certain size unit to be built and a certain number of units to be built. It would be next to impossible in this market to build that size unit with the quality finishes that were approved as part of the plan and be able to sell it for \$100,000 and make a profit.

Councilwoman Jones – I understand that, but it is just possible. If they go for any longer, you're losing money anyway, right?

Director Pietravoia – I really can't respond to that, I think Mr. Rubin has to comment on that. I don't know that he'd be willing to sell a unit that he spent \$150,000 building for \$100,000.

Councilman O'Neill moved to suspend the rules, Councilwoman Scarniench seconded. Yeas: Unanimous.

Mr. Peter Rubin – 13990 Cedar Road, University Heights, OH 44118. Both to respond to the Councilwoman's question and to augment some of the things that Director Pietravoia said. These homes that are left to be built at the Shores of Edgecliff are 1600 square feet, three bedroom, 2 ½ bath homes. The construction cost that has the finishes that were approved by you, the construction costs alone is \$90-\$100 per square foot; with options and upgrades \$110. If you just do the math, you see that leaves nothing for all the other costs, from engineering and carrying costs and architecture and land.

We're in extraordinary times as far as the housing industry is concerned. We've seen the value of homes decline by as much as a third in our region and across the country. It is not a condition that is exclusive to either Euclid or Northeast Ohio. What we've asked for is to be put on the same playing field as other new construction homes, both in Euclid and surrounding communities that don't have a minimum and then a percentage of that in order to qualify.

I want to point out that the four homes that have sold at the Shores of Edgecliff and the homeowner who's contract is pending, depending on your action tonight, are all moving to Euclid from outside of Euclid. So, although small in scale and hopefully continue in this direction, Shores of Edgecliff is accomplishing many of the goals that were set for it when Council approved it years ago. We haven't asked for any compromises in the product, in the design, in the lay out, in the materials, because that would affect the ultimate value that we could sell homes for and the value of the homes that we've already sold.

It is true, that if you approve this amendment tonight, we could sell a home at any price and it would qualify for the tax abatement. But that only puts us on the same footing as all the other new housing being built in Euclid that has received tax abatement. As Director Pietravoia pointed out, at or above the percentage that we now qualify for and on the same playing field as tax abatement in other communities who don't impose a minimum sale price or percentage to qualify for.

It is the best time to be buying a new home in 100 years because people who are in our industry are selling homes at or below cost in order to move standing inventory. We have three units in inventory at Shores of Edgecliff and we need to sell them. We're not powerful enough to change the market. We have to respond to what the market is. This home was listed at a much higher price and the agreement we reached at the price we did is simply the function of being realistic about what the market is today. We anticipate that Director Pietravoia's analysis will fall short of where we will achieve. It would be unbearably painful to sell homes for less than this amount at the Shores of Edgecliff, just considering what we paid the city for the land. Our goal and our expectation is that we will sell off the standing inventory and then as we build new homes, we'll build them as we sell them and above these prices and better as the market begins to firm up. I hope that helps.

Councilman Wojtila – Just a question on the amendment from 1997, I hate to ask because it is getting late. It appears that we granted abatement, abatement is probably not the right word, abatement for houses that had already sold at that point, is that correct?

Director Pietravoia – That is correct. That was requested by the existing homeowners that had already purchased. It was debated by Council and at the time Council I believe unanimously agreed to offer it to the previous buyers as well. I should point out, we were talking about 2 or 3 homeowners and they had been there for a year or two years. It wasn't a high number of individuals and it wasn't for a long period of time.

Councilwoman Scarniench moved to close debate, Councilman O'Neill seconded. Yeas: Unanimous.

Councilman O'Neill moved to suspend the rules, Councilman Van Ho seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Van Ho, Holzheimer Gail.

Passed.

**Res. 151-2009 (366-09) Oppose Post Office Closings**

A resolution opposing the Federal Government's plan to close Post Offices located at 891 East 185th Street, 21551 Euclid Avenue, and 22751 Shore Center Drive. (Sponsored by Mayor Cervenik and entire Council)

Councilman Van Ho moved for passage, Councilwoman Scarniench seconded.

President Holzheimer Gail – This resolution is just our intent to express our displeasure at the federal government's plan to close three Euclid area post offices. I know the Mayor has been in communication with our federal legislators and the post office as well. We thought it was important to have a Resolution from Council so that we can express publicly our hopes that all three are not closed. We certainly understand the economic times but feel that three in our service area is asking a bit too much. I don't know if there's comments from the administration.

Director Pietravoia – I just wanted to express, I had discussed this a couple times with the Mayor and I think he had correspondence with Council as well that he does also intend to formally protest this in the form of letters and we'll be communicating with members of Congress to get the message across.

Councilwoman Minarik moved to close debate, Councilman O'Neill seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Langman, Van Ho,  
Holzheimer Gail.

Passed.

**Ord. 152-2009 (360-09) Refunding Bonds**

An ordinance to provide for the issuance of bonds for the purpose of refunding a portion of the City's various purpose general obligation bonds, and declaring an emergency. (Sponsored by Mayor Cervenik and entire Council by request of Finance Director)

Councilwoman Jones moved for passage, Councilman Langman seconded.

Director Johnson – As required in our newly adopted Accounting Policy and Procedures Manual, specifically as relates to debt management, we constantly monitor all of our existing bond issues and examine those for the possibility of net present value savings in the event that we have an opportunity to refinance any of those bond issues.

We do that on a constant basis and we have three issues that have possible net present value savings, depending upon when we were to refund these bonds because the market does fluctuate on a daily basis. We've identified 1998, 1999 and 2001 Bond issue for a possible refunding.

What we're asking for here tonight is the authority to do that. That does not mean that we will refund any or all of these bonds. We did refund a portion of the 1998 bonds when we did a note and bond issue earlier this year in the spring, as a part of our capital budget. The balance of that 1998 issue is up for consideration now. I can tell you that we will evaluate this between now and the end of the year. When we are advised by our portfolio manager that the opportunity is prime for us, we would probably do that refunding but we're asking for the authority to do that this evening. Just so you know, that authority if granted would expire at the end of this year. In the event the market did not prove to be feasible to do any of these and we thought that opportunity did occur again after the first of the year, we would probably present similar legislation to City council for consideration again. This legislation if granted would only authorize us to do this between now and the end of the year.

I can tell you that as of Thursday, July 16<sup>th</sup>, two of the issues did have significant net present value savings. One was below our threshold. There are two conditions that have to exist in order to even consider doing a refunding. One is that our net present value savings as a general rule, which is in our Debt Management Policy, that the net present value savings has to be 3% or greater. The other is that the issues, just about every issue that we do has specific recall periods. Usually the recall periods are after the first ten years of the issue. So we have to be near a recall date and the net present value savings has to be at 3% or greater. We are at the net present value savings threshold for two of the issues, one we are not. However, if the interest rates go down at least another quarter of a percent, we would be in the threshold for that third issue. That's why we're asking for the authority for all three because there is a possibility that we would do all three. If you have any questions, I'd be glad to answer them.

Councilman Wojtila – Director Johnson, if we do authorize or approve the ordinance and we authorize you to do the refunding, does the term get extended when you do the new bond sales? Will we be paying that off then over a longer period than the current bond structure?

Director Johnson – The term would stay the same. What we would do is, it is sort of like refinancing your mortgage. We would refinance these over that period of time at a lower interest rate.

Councilman Wojtila – So the remaining period of time on the term, you would refinance over that same period?

Director Johnson – Correct.

Councilman Wojtila – You mentioned the authority expires at the end of the year, is that in the ordinance?

Director Johnson – It automatically expires with the term of Council. I believe there could be a section in the ordinance that states that. There's also a section in the ordinance that stipulates the net present value savings has to be at 3% or greater. Generally any legislation that we do for debt issuances, if we do not go forward with it, expire at the end of Council term.

President Holzheimer Gail – Which is actually November 30<sup>th</sup>.

Director Johnson – Right, November 30<sup>th</sup>.

Director Frey – Just to further clarify. There is in Section 3 of the ordinance a requirement that any new bonds issued as a result would have an issue date no later than December 31, 2009.

Councilman Wojtila – Then the \$8.5 million in paragraph 1 of Section 3, that's the principle amount outstanding currently?

Director Johnson – that's the total, correct. In the 1998 issue, there's \$465,000 outstanding. In the 1999 issue there's \$1,080,000 outstanding. In the 2001 issue, it's \$5,825,000.

Councilman Wojtila – That one wasn't listed on the front page. Or the initial amount wasn't listed.

President Holzheimer Gail – That decision is made together with bond counsel and after the assurance that both of those conditions or the two threshold items have been met.

Director Johnson – Bond counsel developed the legislation but we do that in consultation with our underwriter who I'm sure a lot of you are familiar with Al Bacco.

Councilman Wojtila moved to close debate, Councilman O'Neill seconded. Yeas: Unanimous.

Councilman Van Ho moved to suspend the rules, Councilman Langman seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Van Ho, Holzheimer Gail.

Passed.

**Ord. 153-2009 (361-09) Red Cross**

An ordinance authorizing the Mayor of the City of Euclid to extend the Lease Agreement with the American Red Cross for rental of the Lakefront Community Center Annex for blood donations to December 31, 2010. (Sponsored by Mayor Cervenik)

Councilman O'Neill moved for passage, Councilwoman Scarniench seconded.

Director Frey – The Red Cross works on a calendar year and in e-mail had asked if they could extend the current agreement for the balance of 2010. Right now it expires, the agreement expires March 31, 2010 and they would like to have the commitment, the knowledge that they can have the blood collection services at the Lakefront Community Center on Thursday throughout the year so they can make that part of their program. There are no other proposed changes to the agreement other than extending the term.

President Holzheimer Gail – Are you aware, there have not been any problems that have come up because they are there?

Director Frey- Not that I'm aware of, I've not heard of any issues. I don't know that we as a community have fully taken advantage of having a custodial person there on Thursday evenings and I would certainly encourage civic and community groups to use the facility while its available, essentially at no cost to the city because it is being paid for through this rent program with the Red Cross.

Councilwoman Minarik – Director Frey do you know how they are doing with donations at that site since it is kind of off the road?

Director Frey – I don't know. I know that I've seen their sign out on the corner of Lake Shore and Bliss Lane, but I don't know what their collections and to be quite honest, I don't have that information in the e-mail from Ms. Kelsey.

Councilwoman Minarik – They must be pleased enough to want to renew.

Councilwoman Minarik moved to close debate, Councilwoman Jones seconded. Yeas: Unanimous.

Councilman Wojtila moved to suspend the rules, Councilwoman Scarniench seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Van Ho, Holzheimer Gail.

Passed.

**Res. 154-2009 (368-09) Oppose Cease Sun Journal**

A resolution opposing Newhouse Newspaper's plan to cease circulation of the Euclid Sun Journal at the end of July, 2009. (Sponsored by Councilman Langman)

Councilman Langman moved for passage, Councilman Wojtila seconded.

Councilman Langman – When I found out that the Sun Journal would cease publication in our community at the end of July obviously caused great concern. First because our form of government depends on a free press to probe government actions, to report on the goings on of the community and the government. Just from the function of a representative democracy you need a free and unfretted press. We're going to lose that.

Second for many, many years, the news reported in the Sun Journal has focused on folks in Euclid. You don't get that in the News Herald or the Plain Dealer. Generally the only time you see anything in those publications it is usually bad. We're going to lose the coverage of our local athletes, our local children, our local events, our local people and our local government. This is the slap in this community's face. A community of 50,000 residents should have newspaper coverage. We should be treated no differently than the Heights communities which will continue with their Sun paper. So I'm hoping that you will all join me in this Resolution and with the administration to protest the abandonment of Euclid by the these corporate interests. Yes, I understand that it is tough for newspapers at this time, but our community should have continued coverage via the Sun Journal.

Councilman Van Ho – Councilman Langman has put it more eloquently than I could have, but I would like to have my name added to this resolution as I believe in the sentiments he just uttered.

President Holzheimer Gail – I see some nodding so, oh no.

Councilwoman Minarik – Let me just explain why. This is basically, that is a business and I don't like the fact when government starts interfering in businesses and forcing them to or protesting the fact. They're losing money, that's why the paper is pulling out. That's why the Scoop closed and then merged in with the Sun Journal. There will be coverage.

At the same time, this is America and it is an entrepreneurial society and who knows, perhaps somewhere in this community is someone who might have the vision to start their own paper and make it free even, it's possible, it has been done before. Closing of the Euclid Sun Journal is not the only avenue of news. It actually might encourage another newspaper to step up and step forward, there are other publishers. The primary reason is, I don't like interfering with businesses who have to make tough decisions based on profitability. I just don't think that's government's place, so I will not support this. Thank you.

Councilman O'Neill – I understand where Councilwoman Minarik is coming from, however, I believe that we're stepping up for the residents by trying to encourage, not to force, but encourage the Sun Press to come up with some new ideas to stay in our city. But if it so happens that they do move out of the city, we will survive. To Director Frey, do you know if there's been any inquiries from the News Herald, as far as wanting to have a beat reporter covering Euclid, or can we reach out to them maybe get some coverage through the News Herald if the Sun Press does pull out?

Director Frey – If the News Herald is paying attention to the community other than making factual errors in their Editorials regarding us, they would recognize the potential to get into this market. I am aware from conversations with them several years ago that they were putting their sites on Geauga County as a market in which to grow. I think that's a sad mistake and think that this is an incredibly viable market. But having said that, I am also aware that the Register Newspaper which own the News Herald are either in or just coming out of bankruptcy. I don't know whether they would want to press on promotional basis circulation in a city. I'd be more than happy to contact the Editorial staff.

Councilman O'Neill – Just a sad day that the only thing that's in print potentially in the future for the City of Euclid is going to be the Metro Section of the Plain Dealer and generally that's not

always good news. I appreciate your efforts to reach out to the News Herald and we can get somebody to cover Euclid. Thank you.

Councilwoman Jones – I look at this Resolution as a way of just giving our opinion. Chances are just because we're opposing doesn't mean that they're going to change their mind and continue to publish the paper. But it is just a way to bring that awareness out that we did appreciate the coverage that the Sun Newspaper had for the City of Euclid and if that does prompt someone to start a new paper, then that's fine. Hopefully it will be a newspaper that would be a positive look on Euclid. But I just look at this as a Resolution to bring that awareness out that we did appreciate the contributions that the Sun Newspaper gave to the City. Thank you.

Councilwoman Minarik – If that's the heart of the Resolution, that we appreciate the Sun Journal, then I would support that. I do not support protesting its closing though. What's the intent?

President Holzheimer Gail – It's a Resolution opposing their plan to cease circulation of the Euclid Sun Journal.

Councilman Langman – Just in the manner that they're doing it, they plan on just printing the last issue and saying goodbye and from the residents I've talked to, they have no idea this is going to happen. It is basically and I understand this is free market business, that's all wonderful, but they brought somebody in to do their corporate analysis, their corporate consolidation and as far as I know, they did not reach out to the individual communities to talk to them about this. They are just making a cold, hearted business decision that is within their rights, of course. But I think the harm to the community, because even if you start an alternative newspaper, it will not give the breadth and the depth of coverage that you currently get. So I know they're starting something in Collinwood and obviously we had something here for many years, those do fill niches that Sun Journal covers, maybe not as well as some of those niche newspapers, but they do not give the depth and the scope of services that our residents have become used to over the many years. Do I have any illusions that this will stop it? No I do not. But this resolution will send a protest and let the residents know that this is what's happening.

Councilman Wojtila moved to close debate, Councilman O'Neill seconded. Yeas: Unanimous.

Roll Call: Yeas: Scarniench, Jones, O'Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail.

Nay: Minarik

Passed.

#### CEREMONIAL RESOLUTION

#### **Res. 146-2009 (362-09) Night Against Crime**

A resolution recognizing Tuesday, August 4, 2009 as *National Night Out Against Crime* in Euclid, Ohio. (Sponsored by Mayor Cervenik and Entire Council)

President Holzheimer Gail – I just want to talk for a minute about the Ceremonial Resolution. The Weed & Seed program is partner to the National Night Out Against Crime and that will take place Tuesday, August 4<sup>th</sup>. It is an opportunity to encourage residents to focus on safety and focus on Crime Prevention. Euclid Weed & Seed and Community Policing are busy throughout the year providing services to the community to help prevent crime and to help improve the safety of our community. This is just one night and we would encourage anyone who would like to participate, it could be as easy as turning on your front porch light, taking a walk with your neighbors, noticing what's on your street and many, many more things. So hopefully some of the neighborhood associations are taking this opportunity to get together and focus on Crime Prevention. As I said throughout the year these activities are happening both through Weed & Seed and community policing. If anyone would like to find out more information about that, they can call Kristal Skovira at 289-8449 and find out what type of activities they can get involved with through Weed & Seed, Block Watch or Community Policing.

Councilwoman Scarniench moved for passage, Councilwoman Minarik seconded.

Roll Call: Yeas: Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail.

Passed.

President Holzheimer Gail – We do have the Liquor Permit to go back to.

### LIQUOR PERMITS

Council has received a request for a new C2 Liquor Permit to 260 Street Inc., DBA Euclid C Store, 25451 Euclid Ave.

President Holzheimer Gail – That is in Councilwoman Jones' ward and we did receive communication from Sgt. Blakely.

Councilwoman Jones – When the C Store which is currently located on E. 260 right across from Upson School, last year and I don't remember the lady's name, the owner of the C Store had called requesting a liquor permit for the current location on E. 260<sup>th</sup>. I gave her information that she needed to go through to apply for that. Now, she's looking to have one at 25451 Euclid Ave. My concern is that this location is being chosen because it is a location where she can apply for a liquor permit. My concern is that there are other stores and bars in the area that do sell alcohol, whether it is walk-in or whether its take out. I think with this one and the other one that's also requesting is adding to much in that one area for that type of business.

If she was going to open the store without the liquor permit, that's fine, I have no problem with that. But I don't know if she's looking at this location based on the passage of the liquor permit, I would oppose to that.

Director Frey – The Police Department did the check on this permit and echoing the comments from the Councilwoman has recommended against the liquor permit here due to the saturation of permits and liquor establishments in this area. I know this is a carry out facility, but there appear to be no shortage of carry out facilities in the area. I also am aware that there are permits available so their must be sections of Euclid that do not have the same ratio of liquor establishments as this particular area does. We may be fighting and uphill battle with the Ohio Department of Liquor Control. But it is our recommendation to oppose the granting of the liquor license at this location. I will say that the applicant has a minor criminal background. That does not appear to be a hindrance and I know of no other personal or professional reasons why it would be opposed other than the location and the sheer volume of liquor establishments in the area.

Councilman Langman – Law Director Frey, in these types of cases, what is the likelihood of the Liquor Commission upholding our objection of this type of permit?

Director Frey – Very small. We've had far more egregious facts, after which they've granted liquor licenses. It is a tough situation.

Councilman Langman – So even if we can prove that this area is saturated, that will really have no bearing on their decision?

Director Frey – We're more likely to be able to prevent the renewal of a license or have a license revoked for criminal or serious nuisance behavior than we are to prevent one from being granted in the first place.

Councilman Langman – Either to you Law Director Frey or to Councilwoman Jones, what business was in there prior to the Convenient, do you recall?

Councilwoman Jones – It was a second hand clothes store.

President Holzheimer Gail – Clothes for You is what was in the e-mail.

Councilwoman Jones – It's been closed for awhile.

Councilman Langman – I will support the rejection of the permit just to send the signal that we do want control over what happens on that section of Euclid Ave., and that we want good businesses, not just liquor driven retail.

Councilwoman Scarniench – I, too, will support this. I hope when the time comes, Det. Blakeley will make it known to the Board of Liquor Control about the issues in this neighborhood and maybe that could sway them. If not, we can always dry it up, I'm good at doing that.

Councilman Van Ho – I would also like to support fighting it.

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President Holzheimer Gail – The appropriate motion would be a motion to object to the permit and if you want to object to it, you vote yes.

Councilwoman Jones moved to object to the new C2 liquor permit at 25451 Euclid Ave.  
Councilman Van Ho seconded.

Roll Call: Yeas: Scarniench, Jones, Minarik, O’Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail.

Objection approved.

LIQUOR PERMIT

Council has received a request for a new D5, D6 liquor permit to Janelle Patrice Mateko, DBA Taps Sports Bar, 24680 Euclid Ave.

President Holzheimer Gail – Again this is in Councilwoman Jones’ ward and pretty much across the street from the one we just discussed.

Councilwoman Jones – Again, I would object, I would like to make a motion to object to this request for some of the same reasons. There is Lakeland Tavern that is in the same vicinity. Lake Erie Lodge has a bar inside that facility. If you move further down Euclid Ave., there are some of the same type of facilities. I would like to object for the reasons of the saturation in the area.

Councilwoman Jones moved to object to the new D5, D6 liquor permit for Taps Sports Bar, 24680 Euclid Ave. Councilwoman Scarniench seconded.

Roll Call: Yeas: Scarniench, Jones, Minarik, O’Neill, Wojtila, Langman, Van Ho,  
Holzheimer Gail

Objection approved.

President Holzheimer Gail – That completes our agenda for this Special Meeting. \

ADJOURNMENT

Councilwoman Minarik moved to adjourn. Councilman O’Neill seconded. Yeas: Unanimous.

Attest:

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Clerk of Council

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President of Council