

EXECUTIVE & FINANCE COMMITTEE MEETING  
JUNE 14, 2010

Chairwoman Holzheimer Gail has called an Executive & Finance Committee Meeting for Monday, June 14, 2010 at 7:00 PM in the Euclid Municipal Center Council Chamber.

**AGENDA**

2010 Budget performance monthly review

**MOTION TO RECESS IN EXECUTIVE SESSION**

BY ROLL CALL VOTE, RECESS TO EXECUTIVE SESSION PURSUANT TO 121.22(G)(2) OF THE OHIO REVISED CODE AND 125.05(b) OF THE EUCLID CODIFIED ORDINANCES.

AGENDA: DISCUSSION OF REAL ESTATE MATTERS

RECONVENE IN PUBLIC SESSION

**Ord. (121-10)** An emergency ordinance authorizing the Mayor of the City of Euclid to enter into a purchase agreement and to execute all other documents necessary to acquire the St. Robert Parish Campus property from the Catholic Diocese located at 23802 Lake Shore Boulevard (Permanent Parcel Nos. 644-020-001, 644-020-003, 644-020-061) at a cost of Six Hundred Seventy Four Thousand and 00/100 Dollars (\$674,000.00) for the public purpose of the assembly of land in the vicinity of planned lakefront development for future redevelopment and installation of complimentary public improvements as recommended in the Euclid Waterfront Improvement Plan. (Sponsored by Mayor Cervenik, President Holzheimer Gail, Councilpersons Langman and O'Neill)

Members Present: Gilliam, Scarniench, Jones, Minarik, O'Neill, Wojtila, Langman, Holzheimer Gail.  
Excused: Van Ho (arrived after Executive Session)

Others Present: Mayor Cervenik, Finance Director Johnson, Law Director Frey, Service Director Smith, Asst. Service Director Bock, CS&ED Director Pietravoia, Recreation Director Will, Asst. Development Director Gliha, Clerk of Council Cahill.

Mayor Cervenik – Since we just said the Pledge of Allegiance and today is Flag Day, I just wanted to let you know I participated in an event at the pavilion of the Rock N Roll Hall of Fame honoring Flag Day and signing a Covenant that says the City of Euclid, its government, its schools and its citizens support our Veterans, our current service men and women in the armed forces and most importantly that we support their families while the servicemen are on active duty. I did that representing all of you as well, it was a very nice ceremony. It is also the 235 Birthday of the United States Army. Mary Jo, I'm getting like you now, a little bit of history here kid. With that I'll turn it over to Director Johnson.

Director Johnson – This should be fairly quick since we did review last month the status of the budget. Year-to-date, I'll go right to the income tax. I mailed out the reports. As you can see we're at \$10,045,000 year to date. Our projection for that same period of time is \$10,054,000; which means we're about \$9,000 behind our year to date projection. The month of May was not as good as we thought it was going to be, we were \$109,000 behind the projection. However, being only \$9,000 behind our projection for the year to date is still not bad, we're still pretty much, I would say on target with our projection.

We had projected to collect less revenues in 2010 than we did in 2010 and so far we're right about where our projections. One of the things that's a little unpredictable is the utilities remit that comes in every quarter, it is very difficult, it is all over the board.

As far as the rest of the revenues go, you can see on the general fund income statement that we are about 42% of our projected revenues totally for the general fund. Coincidentally we're at 41.66% completion of the year. So at the end of May, we're just at 42%.

On the Expenditure side, most of the departments are at 42% or below. There are a couple of departments that you can see primarily where you see sanitation, that's because the rubbish collection contract is encumbered for the entire year, so included in this column is the encumbrance for garbage collection which is why that shows at 99%. Most of the departments are at the 42%

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level or below which means that we are so far right on target considering that this does reflect the amendment that was adopted June 7<sup>th</sup>. There is a difference between this income statement and the other report that shows revenues by classification and expenditures by function. That is because, we haven't figured that out yet but one report reflects the budget amendment that was done June 7<sup>th</sup> and the other report does not reflect it because it actually posted after June 7<sup>th</sup>. That is the only difference in both of those reports. There aren't any unusual circumstances that we could really talk about.

I would point out to you where we are with rubbish collection. To date our collections are \$285,000. Our entire department is pretty engrossed in the collections. I would remind you that we did bill \$889,000. We're expecting that in the last 2-3 weeks we should receive a sizable amount of collections. We have approximately 300-400 exemptions. 200 exemptions are for vacancies of 90 days or more. About another 150 are for income based exemptions for seniors. We did get about 500 pieces of mail that were returned for various reasons, either the properties weren't occupied by the owner's name that we had of record at that point or they could be empties or the property has changed hands or what have you and we're in the process of investigating those so that we can re-send those out.

It is keeping us pretty busy. The first week or so the phones were, we had everyone in the department prepared to answer phones and we were pretty busy for the first week or so. The calls are still coming in but they have slowed down now considerably. The mail continues to come in. We still have a number of applications that are pending for exemptions either for vacancies or for the seniors that are income based at \$20,000 or less. We have declined a few because their incomes did not meet the criteria of \$20,000 or less including social security benefits. But so far we're going pretty good. If there are any questions, I'd be glad to answer them.

Councilwoman Scarniench – Director Johnson, would you just explain because this is one of the biggest questions people ask, why are we sending our money to Cincinnati? Would you for the audience explain exactly what that is?

Director Johnson – We're using Cincinnati as a post office address. We've selected Fifth Third Bank as our bank which has a branch here in Euclid and we selected Fifth Third bank as our banking agent for this particular function. One of the reasons for doing that is because we have traditionally tried to ensure that we do business with every bank that has a branch here in Euclid. Fifth Third is one of the banks that has added branches in Euclid only recently. This presented an opportunity to use them for a lock box service. It just happens that the lock box service is based in Cincinnati. That's why the bills and checks are being sent to Cincinnati, but be assured that we do get the money.

President Holzheimer Gail – As you explained to me, the lock box service is also something we use for our income tax and our income tax what was National City is now PNC. Their lock box operation is actually in Cleveland. What happens there is it an automated system where the checks get deposited right away. If we did not use that lock box type of system, it would require us to have staff who would open the envelopes, process the envelope, make the deposit. It saves us money by doing it this way.

Mayor Cervenik – It also allows that money to be credited to our bank account to earn, although the interest rates are great right now, but it does allow us to earn the present rate of interest to help reduce fees.

Councilman Gilliam – I'm still receiving inquiries from residents regarding, not through any fault of the city, but many residents, some of them are unaware of the legislation that was passed. I'm getting questions about the garbage legislation. Is the staff still receiving calls inquiring about what this is and explain why it is necessary and directing them to pay it to the appropriate address because that is what I'm getting sometimes on the street still and I'm directing them to call the Finance Dept.

Director Johnson – We are still receiving phone calls but not as many as we did in the first week or so. Most of the inquiries we are receiving now are folks that are wanting to know what's the criteria for the reduction, both the income as well as the vacancy criteria and where the forms are available. We do tell them the forms are available either on the city's website or here at City Hall. Also for those that chose to come into City Hall, since all of the affidavits have to be notarized, we are providing free notary services for all those that do come into City Hall, Regina can attest to that.

Councilman Langman – Director Johnson, we've collected about a quarter of what we've billed out, did I hear you correctly, so far?

Director Johnson – That’s correct.

Councilman Langman – What is the deadline for this half?

Director Johnson – The due date is July 1<sup>st</sup>.

Councilman Langman – We have another 2 ½ weeks approximately.

Director Johnson – There is a segment of the population that as soon as they got the bill, they sent the check in. I would assume that there’s another segment of the population, which I’m predicting is a larger segment of the population, that’s going to wait until the due date. What we are preparing to do is hopefully to have someone out in the lobby to be able to take payments. I’m anticipating that there are going to be people just coming into city hall bringing payments in. I would assume that there would be a lot of them mailing them in on June 30<sup>th</sup> or thereabout, so that they make the deadline, at least I’m hoping that.

Mayor Cervenik – It is not unlike our income tax. Those that are getting refunds, they are in the beginning of February. Those that owe money, we get most of them the last couple of days of the deadline. I think real estate taxes prove that out too, we’ve all received a real estate tax bill, I doubt that anybody here has paid it yet, I know I haven’t paid mine, but it will go out by the due date as well. We believe that our 15% or less delinquency number will hold true. A lot of the confusion and nuances that we’ve experienced for this first billing period will be reduced in September. After that it will be added to the real estate tax bill and that should further ease the process.

Councilman Langman – In last week’s issue of Crain’s Cleveland Business, there was a rather positive article about manufacturing in northeast Ohio and all the hiring that various firms are doing. Do we have a since that our Euclid companies are benefiting from the up tick in manufacturing besides Lincoln?

Mayor Cervenik – Some of the conversations with the companies including the action that city council took last week with University Hospitals and talking with some of our other larger and mid-sized companies, yes. There should be some up tick in the economy. What people have to realize is when we talk about a million dollars in payroll, we get, the City of Euclid actually gets to provide the services we do is \$23,800. So we need lots of millions of dollars to make up a \$2.4 million deficit. Things are starting to look better, some companies, a period that they will be paying some net profits taxes which always is a good thing. We’re confident we’ll meet our projects by the end of the year and actually it is my hope that we will exceed them.

Councilman O’Neill – Much like April 15<sup>th</sup> when tax due day for federal income tax, can we provide something at ease for residents to pay that \$54 fee? If we can have somebody outside, they can drive by and drop it in a bag, just a drive by pay or something to make it a little easier for the residents that might wait until the last minute to make their payment?

Mayor Cervenik – We do have a drop off box for the Tax Dept. I’m sure that we could make that available for that service as well. I really don’t want to have an employee here working until midnight.

Councilman O’Neill – Maybe on our home website we could put something in there.

Mayor Cervenik – For those that don’t know, you can park in the back parking lot, walk into the corridor coming into City Hall, to your right, there is a lighted mailbox that we could accept those payments.

Director Johnson – We have already received some through that box. There are some people that are dropping those in there.

President Holzheimer Gail – Director Will, could you give us an update on the pools. I understand there was an issue with Memorial which has delayed its opening, is there any budget impact to be expected because of this?

Director Will – Last week we ran into a problem with Memorial Pool. The pump had a malfunction. We called around and were able to locate the pump that was built in 1950’s. We were able to find that in California. We did speak with the pump company today and the pump should be

shipped out tomorrow. We hope to have it the first part of next week. At that point we will put it in the pool, give it 24 hours, and we will get the pool open as soon as possible. Until that time we are utilizing the Euclid High School pools, they are open Monday-Friday from 1:00 to 8:00 PM; the neighborhood pools, Willow, Roosevelt and Glenbrook are open Monday through Friday from 1:00 to 8:00 and Saturday and Sunday from 1:00 until 5:00. Indian Hills is scheduled to open up on Wednesday. If anybody has any questions about the programming, they can call our office at 289-8114 option 8. We were able to move Swim Team, Swim Lessons, Ready Set Swim, Water Exercise, everything will be held at the indoor pools.

The cost, we just received the quote and it will be approximately \$5500 that will come out of the Recreation Capital for that pump.

Councilman O'Neill – When do we normally start up those pumps to make sure that the pools are functioning properly? I know the staff is very short handed, but could we have found out about the pump a little bit earlier? What would it have cost to ship that pump overnight?

Director Will – I wish they could have overnight it. We did start running the pumps in the pool about a month ago and that is typically when we do do that. Everything had been running fine, they do a weekly check on them, they go through the company to make sure everything is inspected also. What had happened is once we put the water into the pool, it was pumping over 110,000 gallons within a minute and the pump exploded. It was nothing that could have been helped. We do start looking at them and even through the winter they do check them out just to make sure. We don't run into the problem unfortunately this just did happen.

Overnight. They are going to be overnighting it. It was a matter of fabricating the pump that we're buying from California and they're hoping to ship it out on Monday and we would get it on Tuesday. There were some fabrications that they had to do.

Councilman O'Neill – Typically those things let loose when they put a load on them and you just never know when it is going to happen. You just never know what is going to happen and I thank you.

Chairwoman Holzheimer Gail – I think it would serve us well to have a meeting sometime over the summer to do the six month budget review; maybe the end of July, we can figure out what everyone's schedules are. We have a couple of items that we're holding until the summer so we can spend a little more time on them, we can piggyback a couple of issues.

Mayor Cervenik – We have no problem having a meeting in the summertime. I will suggest, you all will receive these reports and if we hope you see nothing that is really out of line, if not we would definitely want a meeting. If everything is going as percentage-wise, maybe we don't want to, that's up to you, we can do it either way. But you will receive these reports each month over the summertime, usually by the 10-12 they're done, once we close out.

Chairwoman Holzheimer Gail – We'll move onto our next item, both of which are related. Director Frey would you advise us, there are certain activities that we can discuss in Executive Session that we're in order?

Director Frey – As indicated on the agenda there is an intention to recess into Executive Session to discuss real estate matters. Ohio Revised Code 122 provides that legislative bodies may convene into Executive Session to consider the purchase of property, real or personal and to discuss pricing for either the purchase or sale of real property. Given the next item on the Agenda and the discussion of pricing, it is appropriate that this parcel and other lakefront parcels that Executive Session be called.

Chairwoman Holzheimer Gail – So those in the audience understand, we will come back and discuss fully the legislation we have and the potential purchase agreement. Law Director Frey will limit us to what is appropriate to discuss in Executive Session.

Director Frey – There cannot be votes taken or action taken on the legislation in Executive Session, merely a discussion of the purchase of real estate.

Councilwoman Scarniench moved to recess into Executive Session. Councilman Langman seconded.

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

Recessed Into Executive Session.

Chairwoman Holzheimer Gail – Any estimate on how much time you think we'll need for Executive Session for those in the audience?

Director Pietravoia – Pending questions and discussion with Council I would say about 15-20 minutes.

Councilwoman Scarniench moved to reconvene in public session. Councilwoman Minarik seconded. Yeas: Unanimous.

Chairwoman Holzheimer Gail – This brings us to the Ordinance we have on the Agenda.

**Ord. (121-10)** An emergency ordinance authorizing the Mayor of the City of Euclid to enter into a purchase agreement and to execute all other documents necessary to acquire the St. Robert Parish Campus property from the Catholic Diocese located at 23802 Lake Shore Boulevard (Permanent Parcel Nos. 644-020-001, 644-020-003, 644-020-061) at a cost of Six Hundred Seventy Four Thousand and 00/100 Dollars (\$674,000.00) for the public purpose of the assembly of land in the vicinity of planned lakefront development for future redevelopment and installation of complimentary public improvements as recommended in the Euclid Waterfront Improvement Plan. (Sponsored by Mayor Cervenik, President Holzheimer Gail, Councilpersons Langman and O'Neill)

Director Pietravoia – We do have a couple of extra sets of the hand outs if anyone that is here in the audience is interested. We might not have enough for everyone but maybe the Goodman's would be willing to share.

With that I'd like to give you a little bit of background and we'll use the handouts to walk through some of the information that I wanted to present tonight. We're very excited about the possible opportunity to acquire a sizable piece of land that is under single ownership by the Diocese, that is the St. Robert's property, it is just under 8 acres. It contains the church school building itself and then two additional buildings; one that was used as a rectory and one initially as a nun's convent but then later I believe it was used temporarily as a daycare.

The first graphic illustrates the extent of the property that's under consideration. It is a total of about 7.6 acres and you can see the parcels that are outlined in red. For tax purposes it is considered a single parcel, but it does have separate parcel numbers assigned to it as shown in the map.

If you take a look at the next graphic, this is pulled right from the Waterfront Improvement Plan that was approved by both the Planning & Zoning Commission and City Council and adopted as an official amendment to our city's Master Plan. There was discussion, public, as well as with our Steering Committee, that there are other opportunities for redevelopment outside of the waterfront area and they specifically pointed those out. In particular they illustrated in tan the St. Robert's property and also the public school north of Briardale that is currently being used for storage. Also that same tan color is shown within the waterfront area where there are other sites on the north side of Lake Shore that are potential for redevelopment.

I thought it was important to point out that as part of this process and part of our adopted amendment to the Master Plan, there was early consideration of the St. Robert's property, as being a potential for redevelopment.

In summary, what occurred is the Diocese decided to put all three properties on the market at the same time this past spring. Once that occurred the Diocese through their broker, CB Richard Ellis, contacted the Mayor's office and myself to indicate that the properties were on the market and offered to give us a tour of all three properties so we could better understand what is there and their approach to selling the properties at the request of the Diocese that occurred. We did undertake that tour of St. Christine's; St. Paul's and St. Robert's. About that same time when it became very public with the sign going up and the information going on the website listing all the properties for sale, several members of Council independent of the administration approached myself in particular and said this was a prime site it was identified in the plan we ought to be thinking about possible acquisition or trying to find a developer to acquire the property.

Again, briefly to give a little bit of the history. We weren't the only potential interested parties. There were at least a couple of others that were seriously interested and one that we are told made offers to the Diocese. In essence what we did is keep Council informed, specifically asked early in the process whether or not Council thought we should go forward and make offers, of course contingent upon public discussion and a vote essentially as required by our code, by Council to actually go forward with the purchase.

So Council, the overwhelming majority did give that blessing and suggested that we continue negotiations, which is what brings us to where we are today with the proposed ordinance authorizing the Mayor to enter into an actual purchase agreement in the amount of \$674,000. That

was a negotiated dollar amount, it came down from their asking price and also from their appraised value. In the last round of discussions back and forth, we indicated that it would be our intent to, shortly after closing, if the acquisition was approved, to take down the former rectory and convent and we asked for consideration of the demolition costs for those two properties. We've estimated based on the bidding that we've done recently, pretty substantial amount of bidding associated with the NSP program, given the size and the nature of those structures that the two combined would be in the range of \$12,000-\$15,000 to take down. In our last round of negotiations they did agree to reduce the price at our request to \$674,000, taking into consideration that we would immediately incur those demolition costs for those two structures. That was just a rough estimate on our part based on our experience so far with the NSP program.

The Church/school building itself, the next set of photos in your packet. It is not by any means a comprehensive set. I just realized that our Directors don't have a copy, I apologize, I thought we had enough copies for everyone. The next of photos, just to give you an idea, the building is represented as in good condition and we did through our tour find that it was. It is a substantial building of about thirty some thousand square feet if you include the basement area. The footprint itself is a little over 9,000 sq. ft., with the main floor with the sanctuary and an upper floor with classrooms and the basement open area and kitchen.

In the first photo you can see a lay out, they just had this posted on the wall so we thought it was helpful to see the lay out of the first floor. It shows the offices toward the front of the building on the right, the sanctuary itself and they were using the back area toward the southern end of the building as two classrooms in addition to the upstairs classrooms.

The second page of photos just shows the full service kitchen in the basement area. All kinds of cooking equipment, sinks, stainless steel counters, etc. You can see that continues on the third page of photos as well.

Fourth page is a little bit of flavor for the upper floor. The main hallway which has a series of sky lights, so it is natural daylight up there and then a couple of photos of the classrooms themselves going onto the next page as well. Fairly new windows were replaced on the upper floor and all the classroom spaces. You can see the condition of the rooms are good to excellent condition, the carpeting, the walls, the ceilings, all in great shape.

Second to last page, you see an aerial view taken from the roof, illustrating the back parking lot area which you can see they had laid out, they used it for recess when the school was functioning. A good overview of the land that never really has been developed to the south of the church. Behind that row of evergreens, in the center of the picture is the single story convent building that we would propose to demolish after acquisition.

Last page, just threw these in, one shows the roof itself with the skylights. I think that might be Kathy Will's head popping out the hatch there taking a peek at the roof. Overall again we would have the entire property inspected but generally from outward appearance everything seems to be very well maintained and in good condition. The last photo just shows that it is all modern circuit breakers, no knob and tube that we know of. Just to give you a flavor of the building itself, there were some questions by e-mail about what condition the building is in and we just wanted to give you a sense that the building is in good condition.

The next set is the illustrations of the concepts developed by JJR that are noted with draft. Just to give you an idea, these were done very much in a brainstorming session by several of the key designers at JJR, just trying to illustrate there would be potential, and they actually came up with several other scenarios, but I thought these best represented two possible scenarios; one where you're keeping the existing church building and some adaptive reuse of the building, that's the building shown in brown. Then illustrating the potential for mixed use development to the south of that and then keeping a good portion of the site in green space in this particular scenario but showing the opportunity for a public connection that I'll talk about in a minute, that will link up to the trail system in Waterfront Improvement Plan area.

The second sketch illustrates rather than reusing the existing church building, in this case it would be demolished and replaced by new development, affronting on Lake Shore Blvd. Still maintaining the public greenway or trail going through the site connecting to the neighborhoods and connecting more to the waterfront.

There are a myriad of potential ways the site could be developed. These are just an illustrative for purposes of tonight's discussion. The idea would be that acquiring a property like this, puts us in a position of control. It is rare that a property of this size under single ownership becomes available for sale. We do know that it would be best if this could eventually be put back into the tax producing status with some private development taking place on part of the site, versus its history as a non-producing tax status and the potential of other interested parties, as we understand, were probably going to be in the category of non-producing tax status.

By way of illustration I don't have a hand out associated with this but it is very costly to acquire and assemble land in a fully built-out community like the City of Euclid. If you picture some of the smaller parcels that are developed with single family homes, the ability to acquire an

acre, if it is developed as single family, is about six parcels. Typically even in today's market, if you're offering to buy from an owner who isn't necessarily actively selling, you're going to pay at or above market, at least in the range from \$80,000-\$100,000 per house. To acquire a single acre where it is developed as single family property, you're looking at a price close to \$500,000-\$600,000, close to the price that we could potentially buy this entire 8 acre site.

The other factual information that I was able to research after we did that rough estimate, we looked at the real world picture, understanding this was a few years ago when prices were a little higher for the single family homes. We did an assessment of 242 Street which was purchased by K&D Coastline Investments for future redevelopment. The cost to assemble all the single family homes on that street was over \$2.2 million. The square footage was about 14,000 sq. ft. which is less than 4 acres. \$2.2 million to assemble 4 acres, again because of the challenge of assembling single family properties. So you're paying for the value of all those homes even though you know eventually for redevelopment purposes that value doesn't really exist. That translates to about \$700,000 per acre.

Just to illustrate the potential single ownership which makes it an easier acquisition, reasonable price compared to what we would have to pay if we were assembling multiple owners which is more typical in our built-out community.

Last couple of hand outs illustrate a very exciting potential in my opinion to create a multi-purpose trail system that would build off of the trail that's illustrated in the first hand out that I referred to. Part of the Waterfront Improvement plan was to have a public accessible trail that would come through Sims Park, along the newly created beach lakefront, back down to Lake Shore and then using Lake Shore would create a small waterfront improvement plan loop. The idea now would be to expand on that concept and the illustration that shows a much larger loop that could now come down through the St. Robert's property and then use the street system to connect in some fashion through Briardale Greens, recognizing that we do have some physical challenges there to design it so that it is safe from golfers and golf balls. Then connecting from there across Babbitt to Memorial Park. Some of you may know the committee that is developing the Master Plan for Memorial Park is also proposing a multi-purpose trail around the perimeter of Memorial Park that this larger trail system could connect to. From there traveling back north, at least for the time being, along the public road system of 222 through Triangle Park, crossing to Shore Center Drive, which we will be redesigning and rebuilding as part of the Downtown Plan. It could be designed to accommodate this trail, dedicate space for this trail that we're talking about. Then back up to Lake Shore Blvd., that the new trail system proposed that would connect all the way down to Lake Shore Blvd. and up to the lakefront then. That's about a 3 mile loop.

More exciting than just the possibility of creating the loop is the fact that all these neighborhood residential streets around that loop would now have access to the trail that would get them on a route to take them to the newly accessible waterfront that we're creating. All this would be over a period of time, a period of years when we go after grants for creating these multi-purpose trails, but would be to create a similar trail system in the southern part of the community, part of it already exists through the Euclid Creek Metro Park. We're in the process of because of tax foreclosure in the old railroad right of way, we're attempting to acquire that property which would acquire the link that would bring you back down to Euclid Ave., and then using Euclid Ave. itself to create a southern loop and ultimately a connection by Euclid and 222, probably on the roadway itself at least for part of it. It would connect the two loops and eventually we've talked, just brainstorming, some exciting ideas that could help transform the community once all this is in place, or even part of this is in place, to develop an annual marathon that we could promote in our own community, a 5K or 10K. This is about 3 miles to the north, so this is about 4 miles to the south and the connecting roadway. All of that combined could make a tremendous route for a potential marathon here in the community.

The aerial shot was taken recently by JJR as part of the Waterfront Plan. It just gives you a real great sense of the potential to create that green corridor that I was talking about in that trail system. You can see where St. Robert's is denoted, that's the 8 acres coming from the water's edge, connecting through to Briardale Greens, Memorial Park and you can see the downtown area coming back to Sims Park. It is a tremendous aerial view of the city that we don't normally see.

The last item is just to show the Cuyahoga County Green space Plan is already thinking along these terms. There are trails along Lake Shore Blvd., there's a trail that could also connect from the Metro Creek which is shown in the darker green on the bottom half of the page, all the way through Euclid Creek to Lake Erie. This could be part of the system of trails that the County is promoting and they're actually offering funding to help accomplish that as well.

That's kind of a very brief summary of our thinking behind the acquisition. The actual nuts and bolts would be accomplished through the draft purchase agreement that was sent out to Council. It establishes the price of the property, more importantly it gives us a 60 day due diligence period to inspect the buildings, inspect the grounds, undertake at least a Phase 1 Environmental to see if there's asbestos and other things of that nature that we might be dealing with as owners. Probably

most importantly it establishes, as is typical, that we would have the right to end the agreement if the due diligence period results in anything that gives us a level of discomfort, environmental or otherwise that costs are too high and we don't want to go forward.

It also establishes that the seller is representing a clear title to the property, there's no liens or other litigation, no outstanding contracts or leases. It establishes that we would be buying the property as is with the ability to have that 60 day due diligence period. CB Richard Ellis is the broker in the transaction as I mentioned early in my remarks and any commissions paid to them would be paid by the seller. If anything occurred during the time of signing the agreement and actual closing, the seller would be responsible to any loss or damage that occurred to the property up to closing.

Last but not least, it does establish at the request of the Diocese on all their properties they are selling, a set of restrictive covenants on the church building itself. In essence they're trying to protect that no one who buys the property, whether it were us or a private entity, would try to re-establish Catholic church or service or Catholic sacraments, anything along those lines in the building. Director Frey might be able to explain a little bit further, but that is the essence of the restriction that they're looking for. Once the building is gone, that restriction would also disappear, it would literally be lifted from the property if the building is demolished.

That's an overview of what's in the purchase agreement itself. We're looking for support from Council to pass the ordinance that would authorize the Mayor to sign the purchase agreement and then we would start that due diligence period as soon as that occurred. I'll open it up for questions, I'm sure I've forgotten something I wanted to tell you but it will come out in discussion.

Councilman O'Neill – You touched on the question that I had about the demolition of the convent and the rectory. The cost factor, you mentioned between \$12,000-\$15,000. How close are your estimates on that?

Director Pietravoia – Demolition for the two residential structures? We based on our experience with the homes that we have been demo-ing which have ranged anywhere \$4,000-\$8,000. So we're estimating on the higher side about \$7500 each, maybe a little more for the rectory because it is a little bit bigger building. We're pretty confident those are good numbers unless we find major asbestos or things of that nature inside those buildings, that would up the cost for that removal.

Councilman O'Neill – With the church/school itself, if we chose to, somewhere down the road, if we do acquire the property, if we were going to demo that building, I don't want to run into any surprises like we had at 205 and Edgecliff where we purchased the building and then found there was asbestos in there. Is there some way we can check that building so that doesn't pop up on us?

Director Pietravoia – The main church/school building, absolutely. We would do a separate asbestos assessment which is what we've doing for the homes that we've purchased under the NSP program. We already have some experience with the contractors that do that type of work. It is difficult to estimate at this point, since we haven't started the due diligence period formally, but I would guess we're probably looking at several thousand dollars to have that assessment done.

Councilman O'Neill – Do we have safeguards in place or for lack of a better term, is it built into our contract that if we do come across something like the asbestos that is going to increase the cost of the demo, can that affect the purchase cost of the property?

Director Pietravoia – There is language in the agreement that suggests that we have the ability to go back and renegotiate the price if we find that the costs are higher than we anticipated. It is written into the contract.

Councilman O'Neill – Director Pietravoia, I appreciate your due diligence and I firmly support his acquisition and certainly I can foresee somewhere down the road that someone can pull up on their boat with their golf clubs and rent a golf cart at the harbor master's shack and drive from the lakefront right to the golf course, play a round a golf and turn the golf cart back in right by their boat. I think it is pretty exciting and it is big thoughts, but we bought into this two years ago and I hope the rest of Council will support this acquisition. Thank you.

Mayor Cervenik – It should be noted the convent is a little bit larger than your normal house, but it also does not have a basement, it is just a one floor building. The question about the demolition of the church and the school itself, until we thoroughly investigate the ultimate use of this property, right now we're just gaining control over it, we're not even sure that cost eventually of demolition or renovation would even be born by the city itself. It could very well be born by a private

developer. We will have a pretty good idea if there's any serious asbestos problem is there before our due diligence period is over.

Councilman Wojtila – I, too would like to thank the Administration for all their work on this. However, I am not in support of this legislation. From the initial discussions on this, to me it didn't sound right. As I met with the Director and further considered this and put it in an e-mail about a month ago, there's many reasons and I think we need to consider all of these.

First of all I think this takes us off course. Lakefront development is key, it is exciting, I support it and I know all of council in our previous legislation and actions have supported it. If you look at the plan by JJR that we adopted, it points right to the St. Robert's property and it says primary redevelopment zone. Right underneath that it says, leverage waterfront improvements to stimulate private reinvestments and redevelopment. That's why I don't support this.

We have to focus on the lakefront development. Our plate is overfull with the lakefront development. Everybody says when is lakefront development going to happen. We need to stay focused on the lakefront development, that includes the marina that completes the connection with Sims Park, it includes the pier redevelopment at Sims Park. It includes additional property acquisition. That is overfull. Our plate is so full yet we're looking at redirecting our focus onto this property at St. Robert's. I favor lakefront development but I'm afraid that this slows us down.

We heard from JJR and I think the figure was about 12:1 that private investment. We make an investment of let's say one, we get back from that about 12, I think that is the number they gave us. That's exciting. That means we invest in the lakefront, that's the catalyst, that's the thing we need to focus on. Then you get the private development to come and take advantage of what we did. We provided the catalyst now they reinvest in our community and that's why this parcel is identified as such. We need to stay focused on that.

The other reasons I have are tertiary or secondary reasons. We don't have a clear plan for the St. Robert's property. What do we do with it until we complete the lakefront development? It will sit there, we have to maintain it, are we going to try to manage something out of there? We probably won't have any ability to lease it and get income. I think we'll just end up sitting on it and doing nothing with it until we accomplish our goal which is the lakefront development.

If this were a fire sale and if they were giving it away or at a reduced appraised value, then maybe my thoughts would be different. We're paying close to the appraised value. I really don't support this. I do support lakefront development. I think we need to stay focused on lakefront development. I have other questions on the actual purchase agreement but four of my colleagues agree with me, we may not need to get to that.

Mayor Cervenik – I would like to counter that statement as to its premature to purchase this property because it is stated in the plan to leverage waterfront improvements to stimulate private investment. We certainly wish, I know as the Mayor I certainly wish we didn't just go through this clustering process for we have three vacant churches. But the fact of the matter is, a piece of property that is considered a primary redevelopment zone has become available if we were not to take the measures that we were asking you to take in order to purchase that property. Another purchaser could use that long term for a use that does not meet leveraging waterfront improvements and stimulate private investment. It could be a totally non-taxable operation. I wish the clustering wasn't done for another five years, it would make things a whole lot easier. By not having control of this property and allowing it to be purchased by someone else, is going to allow us not to be able to leverage waterfront improvements that are included in this plan that was adopted by Planning & Zoning and City Council. I would like us to look at it as an investment. I firmly don't believe we're going to hold this property for 20 years and pay down the whole mortgage, the note. I firmly believe that in the next 2-3 years there will be private investment that will be doing some very good things there based upon what we're doing on the lakeside. That was the reason for us to get involved in the purchase, as well as 3-4 council people to really push us to move on this. That would be my only response to that concern.

It is a risk, a lot of the lakefront plan, it is a lot of money. Many times in the past Council's have been criticized for thinking to small, as well as the administration or not thinking that big. I think in this situation we are no longer thinking small, I think we're thinking very big and we're looking towards the really long term future and development of not only our lakefront but our downtown area, as well as our neighborhoods. That is why we put this before you this evening.

Director Pietravoia – I just want to echo what the Mayor is saying and I did discuss at length with Councilman Wojtila. I think it comes down to an issue of timing, which is out of our control. If the Diocese had not put the property on the market at this point in time and it had been two years out, we'd be further along and it would be more of a certainty. We don't control that timing. We do know through the broker that there were competing interests that would likely have gone forward if we didn't make an offer. That will likely occur if Council doesn't approve the acquisition of the

property. Look at our neighboring first suburban communities. A number of them are doing this successfully. South Euclid purchased an entire shopping center on the north side of Cedar Center. At the time they didn't have a firm developer in place, they are now working with Coral. But at the time they didn't. That was a huge risk for them, much greater than what we might be looking at here. It is more a question of timing than anything.

I also want to emphasize again and illustrate that the single ownership and the size of the parcel make it most attractive relative to what it will cost us if we decide to try to assemble land anywhere else in this vicinity that's not a large parcel under single ownership.

Mayor Cervenik – During these negotiations with the broker, there was at one point a discussion and we asked the broker if he could not approach the alternative, at least one of the alternative purchasers. It is inappropriate for us to have direct contract with any other party when there's a broker involved. About the possibility of splitting the land or somehow jointly doing something and let them use the parcel that they need and we could have the balance. The answer came back from the broker that they were not interested in doing that at all. They were interested as we were in the total parcel. There were some negotiations, again through the broker, again because that's the proper way to go about minimizing or lessening our cost burden. It was quite evident that was not going to happen.

Councilman Wojtila – I don't want to debate every item that you've stated back. You did make the comment that it would be difficult to collectively arrange these kind of properties and make this purchase. I'm not interested in collecting 8 acres on the south side of Lake Shore Blvd. I'm interested in the lakefront development. When I say I, in my vote. Again I think we need to focus on the plan. We've talked a lot about lakefront development. Before I got on Council I had no idea what we meant when we said lakefront development; when I say we, I mean the city. Now I think it has become clear based on what actions have been taken in the last couple of years and we're all to be commended on that. We need to stay focused on that in my opinion. I like to think big too. The plan that's already in front of us with JJR is very big. That's why I'm opposed to it.

Councilman Langman – I favor purchase for the reasons my colleague Councilman Wojtila said. If you do the marina and the ancillary cognitively, you're going to make all that property around it, include the south of Lake Shore, quite valuable and the owners know that. Many of them will sit on that property to try to get a better price. Our first question we have to decide on, quite frankly, is should a municipality be part of the development process, especially for an older community. For me that answer is yes. You can argue whether we've always done it well or not so well, etc., but I think the difference here is for the lakefront you have an experienced firm that is helping us and we didn't have that before. Those of us that have been around this project for awhile, including the Mayor and the Council President, many of these elements have been on the table for the 20 years, including connectivity to Sims and the boardwalk and the marina, etc. In fact the original TIF district from 1994 went south of the boulevard. At that time there was some discussion of pushing that redevelopment emphasis to the south of the boulevard.

I don't want the project to wind up being simply something north of the boulevard with the south not really being touched. What I'm afraid of is you're going to have speculation in the properties to the south and that you won't be able to get a hold of them for years and years and decades. Obtaining this property now, I believe is a wise investment. If for some reason lakefront development never happens, you can always sell off that parcel. I believe the risk is minimal to the city. We're not doing another Shore. We're not trying to create another cultural center or try to manage redevelopment of that parcel. If there was a developer ready to go, I would be great to just pass it along to them that is sympathetic to the lakefront development plan. There isn't any. There might be one in a few months from now or in the coming years. That's what we ultimately want to have happen.

If we're really going to do redevelopment on a large scale, I believe we have to be flexible in taking advantages of the opportunities that present themselves because if we don't, we won't have the opportunity again. That parcel, the St. Robert's parcel, if a private ownership group got a hold of it, there's not reason why they can take it into directions that we wouldn't agree with. They can come back and ask for the lot to be split, that's very possible.

My final point, about six years ago we went through a very contentious debate about another piece of property that many folks at the time said why didn't the city gain control of it, then we wouldn't have this debate. So I think for a variety of reasons, controlling this property makes sense for the City of Euclid. Thank you.

Councilwoman Scarniench – I have to agree with Councilman Langman. I went to St. Robert's and looking at those pictures, outside of the windows and the carpet on the floor, pretty much looks the same the way it did. I can't see any reason why for the next 3-5 years that we couldn't rent the

building out, if it is in that good of shape so we could maybe get our money back. The whole process is this is a large piece of land. I do want to control what goes on there. I would love to see some big chain restaurant who said this is a good piece of property, this is where I want to build because we may not have that big of a space on the north side.

I think it is very important and what it is going to do is if you follow the plan, it is going to generate up to Euclid Ave., which is part of what we've been talking about for so long. That's another thing, we've been talking about this for so long. I think it is time to move forward, it is time to do something and we have to commit to it because people don't believe that we're ever going to do anything. This is the beginning to me. It is safe to say that with us in control, we will put the destiny of that piece of property in our hands which is very important. We need to get tax money out of it. With somebody else owning it, you don't exactly know what it is going to be. I don't want it to be more apartments that's for sure. With us in control, I feel very comfortable with that and that's why I will support this.

Councilwoman Jones – I just have a few comments. Originally when we first heard about this property becoming available, I was not in favor of the city purchasing the property for a number of reasons and some of the ones that Councilman Wojtila had mentioned. After listening and I understand the lakefront development and we're going forward with that and that whole process. I understand why the reason is to acquire this property. My major concern is, if there's not going to be any, there's no guaranty as far as the developer coming in to do anything with the property, it could be tomorrow, it could be whenever we purchase the property, it could be a year or two years from now. My major concern is, what is going to be the condition and the status of the property in the meantime. We have to maintain that property as well as other properties that we already have, that the city has a hold of that we maintain. This is another property and a large piece of property to maintain. I know the building condition is in excellent condition now. What's going to happen two years from now that it doesn't have the day to day care that it does have of the existing owner. Now the city has it, whether we lease it to somebody, whether we use it for ourselves, we still have to maintain that property and how are we going to handle that after we have just down graded our staff's now with the outside/inside of properties. That's one of my major concerns is what is going to be the condition of the property when we do get to the point where we want to sell it to a developer. Are we going to get back the money we put back into it if the property comes to the point where it is not maintained as it should be.

My other question is, I know there's been some discussions as far as what is going to happen to the property in the meantime. There was talk about leasing the property or using it for ourselves. Does the administration have any plans that they've thought of so far to do with that property?

Director Pietravoia – We have brainstormed internally about the potential to use both the building and the grounds of the property on some temporary basis. We haven't finalized any kind of decision, we're still very much in the discussion stages. We do believe that there will be an opportunity because of the school construction and the impact that's going to have some of the play fields at those locations to temporarily relocate some of that activity to the grounds at St. Robert's. We're looking at a two year period between now and the end of 2012 when that could be a possibility.

With the building itself, as Councilwoman Scarniench indicated and others, we would explore both the potential for other parties to lease all or a portion of the building, or the possibility of using some portion of the space to operate some of our, or increase some of our existing recreational programming. That's all just in discussion stages at this point. Until we have a signal that there's interest in going forward and we're in the purchase agreement, due diligence period, we probably won't expend a lot more time particularly for the city use of the property until we know that we have that signal from city council.

Councilman Gilliam – One of the things that I've seen thus far is when you lose control of potential property, the questions that are asked are, what are we going to do with this building, that is vacant over 10 years; what are we going to do with this piece of land that has not been as productive as it previously has been. When I look at what this projects, it is possibly necessary for lakefront development but I don't want it to be necessarily a tourists attraction. People need to come to Euclid not only to visit and pay, but to stay. These initial preliminary drawings talk about mixed use redevelopment. I just want to point out that this piece of property is about 8 acres and what I'm seeing here doesn't necessarily lean towards potential new housing. I would people to come into Euclid lakefront development but see if there's a possibility for purchase of homes. Not only do we want to increase our visibility and increase our income, you want to retain income.

I'm not saying that these particular preliminary drafts are bad, but I would like to see more attention being drawn to the fact that I don't want to make lakefront development a tourist

attraction. We know what tourism can do, ebb and flow. I want lakefront development to be not only for people to come from all over, but also to buy and to live in this community.

If a private developer comes in, we do lose the possibility of having that flexibility. I don't want to take that risk. What Councilman Wojtila said is accurate. But I think we're talking about a situation where there was no entity prepared to buy St. Robert's until St. Robert's intended to sale that property. At this point in time, even with Councilman Wojtila's arguments, I think the long term rewards are more beneficial than the short term risk that we have to take. Giving all the conditions about the possible detriment of the property later down the road and all the other issues about what is an actual plan for this particular property. I think this council is willing to look at those plans and come to a conclusion that not only would this support lakefront development, it will support the entire community and it will support the City of Euclid in looking at ideas for redevelopment that are addressing certain concerns that we're having.

Director Pietravoia mentioned South Euclid. There's also University Heights. We're looking at situations where we're seeing housing being built in other areas. Euclid needs to be part of that. This idea is exciting and it presents a possibility, not a guaranty, but a possibility. There's adjacent property in this area that could potentially hold some wealth for us as well, for this entire city. In closing, my concern is that if we lose the ability to purchase and control, we lose the ability to plan. We lose the ability to move forward with lakefront development with this property, even though it is ancillary, there has some value to it. One, property collected can be used for our in kind donation when we apply for grants. Two, we have the potential to show it to developers who may see the lakefront opportunity and say you know what, I want to build certain mixed use, retail, housing. Other cities in other states are doing things called transit villages. Where they have a bus line or a train station or a walk through and it is geared towards mixed use, residential and housing. Why, because it allows people to walk into those areas and shop. What it also does is give people who have homes in that area close proximity. These are things that we have to look at and be creative about. I'm going to support this legislation and that's just my final comment. I think we need to have control of this land and we need to have the flexibility to create from this. Thank you.

Councilwoman Minarik – Director Pietravoia, I have some questions. I wanted to bring up, if this goes through can we rezone it or we would rezone it when someone came forward? I'm wondering if we can develop and overlay district similar to what we did Downtown, so there's a similar plan in place that matches the north side, so that anyone wanting to purchase it for whatever, would have an idea of what we're expecting.

Another question I had before I make any comments, was on the actual draft language, page 3, which talks about the restrictive, the end of the language the last page, the restrictive covenants. For the record I am not Roman Catholic, however I was raised Roman Catholic and I am very much connected to many of them. I prefer the Diocese's language that was scratched out. I am sure that the Diocese's language of any other use that directly violates the consistent ethical and moral teachings, blah, blah, blah. I think that is better than the administration's proposed change.

With that being said I would like to make some comments and then you can answer my questions. From Bratenhal basically well into Lake County there is so little energy along Lake Shore Blvd., and I have often wondered why that is. It doesn't seem to make sense with such a great, great lakefront. I think this can be an incredible opportunity to put energy onto the Lake Shore that extends and benefits and overflows into Bratenhal, into Eastlake, etc. Last week in Crain's, K&D Properties downtown, Miss Harrison talked about why they have 97% occupancy in their condos in the downtown area near E. 4<sup>th</sup>. She said because there is an energy down here now. That's why people are moving in. That's why the occupancy happens. To Councilman Gilliam's concern about residential, we have plenty of housing. I think if we get energy on the lakefront, that energy will attract people. That energy will attract money. I think this is a good thing. I am concerned that we don't allow Parks & Rec to maintain this infinitum, even though I am sure that they would love to. But that we move into some type of a plan as soon as possible.

Public and private use, I know a PhD in economics who works for the government. He said government's role in economic development is to provide the means for the stimulation, the economic development that we talk about on the lakefront. This parcel is an opportunity for government to direct the plan for the lakefront. I would hate to see this parcel go back into tax exempt status. That is my concern for it. Whether it is tax exempt use by the city, or sold to another tax exempt plan. That's it for me and if you could answer those questions, I'd appreciate it.

Director Pietravoia – I'll start with the question about rezoning. Typically it would advisable to maintain the current zoning on the property until we have a better idea of what type of development interests there might be out there and we would offer as part of the city's role in the development, to work with the developer to change the zoning to accommodate what we believe to be an appropriate development there. And to do that in a quickly and timely way because that is always a big concern of a developer is the process and the time it takes to get zoning approvals.

I need to think a little bit about the concept of the overlay district. There might be some way of accomplishing putting in place the type of controls and design guidelines that would ensure the same quality of development as we're seeking on the waterfront side of Lake Shore Blvd. I think we could accomplish that through the development agreement itself, if not an overlay district.

The last question I'll let Director Frey comment on the language of the restrictive covenants. I will just say as a lead in that we were looking to put the onus rather on the Diocese, rather than on every possible use having to go forward to request whether it is a problem or not with the Diocese. More flexibility on the side of the potential user or use. Director Frey will explain better than I did.

Director Frey – There are several things going on here. First of all, initially as we receive the draft of this document from the Diocese, it had the restrictive covenants applying to the entire nearly 8 acre parcel and not just the building. We immediately rejected that concept, sensitive to the fact that it was until several months ago an active church, but it is not now. We don't want to be unduly restricted in the use of that property for potential development. All of us agree with your premise that it needs to be a tax producing parcel, or at least in large part and I'm sure there are different ways as JJR looks at it to get it to that point where we can both use it as a municipal asset but also spur tax producing development on it. Restrictions in a deed inhibit that tax producing. We can appreciate that a place of worship of whatever denomination shouldn't become some tawdry facility that is disrespectful of its former use.

Having said that however, those kinds of restrictions reduce value. When you make deed restrictions, you reduce the value. We're not paying the Diocese a reduced value for this property, aside from the cost of demolition. We're pretty darn close to the appraised value of it and it was appraised at a market value not full of restrictions. That's part of where our discussion is going that we're paying market value less the demolition. We want market value property in exchange. One of the things we thought we could agree to with Council's approval is that those restrictions would apply just to the building itself and only so long as that building stands that they would cease to be operative as soon as the building is down. If in the redevelopment plan the building is used, then whatever restrictions we agree to would remain with that building. We need to be careful about how we look at those restrictions.

Secondly, we don't want to be having to go with any potential tenant to the Diocese to get approval for the use of the building with that tenant. If there is some and they've spelled out fairly clearly in the deed language those restrictions, when it gets to the religious use, one, we want to be sure they're not objecting to a religious use of the building; and they are not. They've assured us they have not so we have given them some revised language that memorializes that fact. Secondly, if there is an objectionable Catholic use, an unauthorized Catholic use, that's got to be the Diocese's problem to come to us and say, hey wait a minute, you've got a user or potential user in that building that's purporting to be authorized by the Diocese but is not. That's got to be their burden. We're not going to be the hand holder to the seller of that property and should not be in my opinion.

Councilwoman Minarik – My concern, I believe part of the reason they do that is the building itself is Blessed, I don't know but I think that's why they protect it.

Director Frey – As far as I'm concerned it is decommissioned. You can put whatever religious connotation, but it is.....

Councilwoman Minarik – I understand all that, but I think that is their concern and so I believe there are some uses that outside of the ones that they stipulated would go against, that's why I'm wondering.

Director Frey – I'm sure that they don't want to see this become adult mart, nor do we. But the fact of the matter is, if some other religious faith wants to rent that building, we want to be free to rent to that religious faith if it makes sense to them and to us without needing to get approval. If some other organization, medical research facility, wanted to lease the space, we have deed restrictions here that could prohibit that, so we want to be very careful. If we knew for certain that the building was coming down, these deed restrictions would be much easier to work with. But if we're talking about long term use of that building as part of the redevelopment, then those restrictions are inhibiting that and we have to be careful on how they are written. Certainly we think that at least to the religious component of that, it's got to be the onus has to be on the Diocese to say to us that that's a use that is somehow violative of this restriction.

Chairwoman Holzheimer Gail – One of the things we have not spoken about and I know I've gotten a couple of questions when people heard that we were contemplating this purchase was how can we possibly think about doing this now when we have passed garbage fees and we have cut the budget.

So I just want to make sure that we address this up front that this is not coming from general fund dollars, this is not coming from sources that could be used for day to day services.

Mayor Cervenik – Yes, that is why my Finance Director is here this evening and I guess he got called away and I can respond to that. These are funds that cannot in any way be used to be expended upon police, fire, EMS or any other services that we provide to our residents. The payments will come from our bond retirement fund. The Ohio Revised Code forbids those monies to be used for anything other than capital purchases, property purchases, equipment purchases. This was an unanticipated purchase a year and a half, two years ago. I've got Director Johnson having our bond retirement fund projections getting reworked because of this expenditure.

Again as I said earlier, we don't expect to carry this note to full term. We really expect if we do our job that in the next few years that burden will be relief for us, we will probably make a profit on this property and then it will be in a taxable situation where all that we did through the presentations during the budget hearings for commercial property, we only get about 10.3 % of the total property taxes, the schools get about 60. It would turn it back into a taxable situation, unless in fact it went into a TIF and then we would have some negotiations with the school.

It does not affect any of our operations whatsoever. It probably in the near term will actually increase the revenues that do go into our general fund and might even be able to allow us to hire a few people in the Parks Dept., and the Streets Dept., back because as you all know we've had a little trouble keeping up with some of the work around here due to my budget presentation and your acceptance of it that I gave you. We are not trading purchasing of this property for reduction of services whatsoever.

Yes, it is true, there will be some additional burden put upon the Parks and/or Streets Dept. to maintain this building. If we do nothing but mothball it, there will be some additional burden on the General Fund to have it mothballed, minimal but it will be there. Again, if we are looking at long term success of the City of Euclid, it is well worth the cost. None of these expenditures have caused any of the lay offs or reductions in services that we've made. Nor will it cost any lay offs or reduction of services in the future.

Chairwoman Holzheimer Gail – I think that is important to make sure everyone's clear on.

Mayor Cervenik – I've had quite a few telephone calls on that and when I've explained to people they have understood that. We just can't take money from one pot and through it into another. There's Ohio Revised Code, there's the Charter, there's the whole thing. It is very important to understand that it hasn't caused any reductions in the past and will not cause any reductions in the future. In fact it is our hope when all of this goes out, it will allow us to provide many other services to the community based upon the taxable income we will collect.

Chairwoman Holzheimer Gail – I want to make a couple of comments and then we'll see if the public has some questions and wrap up final questions. For those of us who have been around for a little bit, the lakefront development plan has changed several times. What started out as a very narrow focus to many people, lakefront only, only impacting a small lakefront property owner's plan. Through the work of JJR, the city, the steering committee, and the residents input, this plan has really expanded to something that has opened up lakefront access, opened up connections to other neighborhoods and now even to potentially paths all the way up to Euclid Ave., the Metroparks and other communities.

I think while our first thought may have been, this is a terrible time. This is maybe not the property we first want to get a hold of. I think it is really critical in the bigger picture. Through JJR that's what we developed, the bigger picture of what the Lakefront Improvement Plan can mean to the whole city. What it can mean to the whole city is not only just the lakefront access, but increased income and increased revenue by that 1 to 12 margin, if we do it right. We asked JJR when they first came in and met with us who has been involved with many waterfront community plans throughout the Great Lakes, how many of their plans have come to fruition, all of them in some form or another, because of the process they undergo, the process of working with the regulators up front, working with the community, involving the stakeholders and doing the planning that they're experts in. They clearly identified St. Robert's as part of that because it expands the lakefront project to the other communities, to our downtown, to our other park system. Without this parcel we can't make that happen. Whether we ultimately develop it, I don't think that will be the case. But without the control, we lose the ability to even think about that parcel for the time being. I think it is a critical purchase. While yes the timing is probably not great, we all know that this is when the opportunity is here. If we don't take it, I personally think we'll all regret it some day.

In closing I wanted to read, we did get a memo from JJR and I won't go over the whole thing but their last couple of sentences state it pretty well. It says the St. Robert's parcel is a critical site. Appropriately redeveloped it can help to enhance the gateway leading to downtown Euclid;

strengthen and improve existing neighborhoods and become an opportunity to leverage private investment for community benefit. It is not just about the lakefront, it is about rebuilding our community, it is about making those connections, it is about helping to bring in private development. I will support this as well. Any questions before we go to public comments or questions? Members of the audiences, questions, comments?

Ms. Evelyn Roberts – I live on Zeman Ave. You did discuss the property and it did answer a lot of the questions that I had about it. Also some of the concerns considering I'm paying \$108 a year for trash and also for the street lighting. Also, the police and fire, they've made a lot of concessions and I'm glad to see that funds that would be used for this property aren't being taken away for their raises.

One thing I am concerned about, in the past, Euclid bought the E. 200<sup>th</sup> Street and freeway projects property, a number of years ago. They paid a nice tidy sum for it. I don't know if they were going to develop it. They did sell it to a developer and they had grandiose plans. They sold it to that developer for a fraction of what they paid for it. None of those grandiose plans came about. The developer requested and received zoning changes and anybody who did profit from that land was a developer. Granted the property that is there now does look a heck of a lot better than the projects that were there. Because the city got into the land deal or land business, they particularly didn't do quite so well in turning it over.

Also I'm a little concerned about the statement made by Mayor Cervenik and I quote, eventually we hope someone from the private sector will step in and put up something, end quote. I would really like to see something inserted into the ordinance with guidelines or restrictions in what the property may or may not be used for. As it stands the ordinance says, quote, as recommended in the Euclid Waterfront Improvement Plan, unquote. I imagine this plan will probably change over the years while it is being implemented. By putting concise guidelines or restrictions in the ordinance, it will give the people of Euclid an idea of what to expect. The powers that be of this Euclid Waterfront Improvement Plan, should not be given carte blanche. Because even if the city buys the land, Council will have no say once it is included in the Euclid Waterfront Improvement Plan. Also for your information, I talked to Mr. Beno and there is no such thing as mixed use zoning in the codified ordinances. Thank you.

Mayor Cervenik – I think the only thing I could comment on is it is my belief that whole lakefront planning or project will only be a success if we form public/private partnerships and that is what I did mean by my statement. We don't know what all of those would be right now, I wish we did, but we don't.

Secondly carte blanche powers will not be given to the administration. City Council as they have been on this, will be the responsible parties that need to vote and make the decisions. We are here to administrate, City Council is the one that decides and determines the changes. We work for quite a long time to get where we are now and the votes have actually been made by Planning & Zoning and City Council to incorporate this into the city's master plan. Unless it just becomes a matter of total lack of funding or the Army Corps saying that you can't do any of this stuff at all, which we've had indications is not going to happen. This plan is going to happen. If I'm lucky enough to be re-elected in 2011, this probably will not be completed when my final term is over, but that's okay and at least it got started on a long way. It will change some but I think we've pretty much defined what we're trying to do and it is going to be a great thing for the community. We do understand your concerns and we will remember those.

Mr. Victor Goodman – 20201 Glen Russ Lane. I've strongly advocated lakefront development, but like Councilman Wojtila, I have major concerns about why we're entering into the real estate business. Euclid's history has shown, we don't make good decisions on land. All we have to do is go up Euclid Ave. and look at Century Corners, and some of the other properties that have not done well because we're not in the real estate business. Speaking to a young lady who was here earlier who is in the real estate business, said that this is not the market, this now values of land are nil. I know, we had an appraiser come to our house and when he told me what he thought my house was worth today, I had cataplexy, whatever that word is, that my home has deteriorated in value so much, nearly \$30,000-\$40,000, and he told me I'd be lucky if I got what he was quoting me. Now of course that is just one opinion and we'll certainly be looking to seek more.

With the concerns of which I certainly do have of asbestos, but also a question: is this property worth anything unless we equally buy Arthur Treacher's and the mini-mart because it zig-zags this property? So if it is not the whole thing, are we really making a good business investment?

To Mr. Pietravoia, I think it is unfair to compare Cedar Center with this kind of a piece of property. When Cedar Center was destroyed on both sides by the two different cities, immediately University Heights went in, they built something which is now like facing a mirror. People want to

be on the other side, Cedar Center was always a very good business district, I know my favorite Chinese place is there, which no longer exists. But the point being that's not what's across the street from St. Robert's. This is not a mirror that can be developed the same way.

I also look at the way we maintain property. We had a mixed use and a good use for the Knuth Center, but we tore it down. We and many members of this same council were very much dead set against keeping Shore, but we did. Even so to the Henn House, which was equally at one time, let's destroy it rather than utilize it.

Two newspapers ran the article on this and in the News Herald, which again just questions that were brought out, but the Mayor is quoted as saying, we have four elementary schools being built which will need recreation areas. There was a comment under this which I urge you to please go to the News Herald and look at the comments of people who said, if this is a concern, why aren't the schools buying the property, why are we? Again as the lady pointed out, eventually it will be used for private sector. I agree with Councilman Wojtila, if we develop the lakefront which is still a dream, then these properties will be of immense value to somebody who wants to live off of what we've done.

I did speak with JJR and I asked about the concern that I want to bring to you. You're talking about buying St. Robert's. I asked them, how are you going to develop the lakefront as sound as you'd like when you have Section 8 housing here? That does not make sense to put in the millions of dollars in a situation where people can't afford to utilize the facilities that we hope will come, which are good restaurants and nice shops and bringing in new homes and new environment, maybe even building up Hillandale with new homes finally. But, these are the things that have to be concerned, not just a piece of property. I certainly do hope and urge that you will look at the blogs written on the two stories, all you have to do is put in Euclid buys property. You'll get the News Herald link and the PD link. Read the comments, they are not pro. People are expressing that and I realize that capital money can't be used for general fund money, but it is still the way things look. You just raised taxes on us and you've got \$674,000 plus the cost to demolish, plus the cost of maintaining. These are all added costs that the people are going to question the judgment. I have a street that for 37 years I've lived on that has never been repaved. We drove down Chardon Road heading here toward the train, that needs. If we have all this capital money, I'd like to see it put in streets and improvement of the people and St. Robert's will take care of itself in the future. I have a feeling it will be a much lesser cost someday in the future because the retail market is not booming at this point. It is just my thought, I really hope, I know a lot of you are for this, but I'm asking you to really think and read these comments. I did today and they blew my mind with what people said and they're not me, I don't write on them. Thank you.

Mayor Cervenik – In response to some of those, we are spending approximately a million dollars on resurfacing of roads this year, that does not include special projects such as 214, 248 and some other waterline projects. I don't want to have all the bloggers upset with me, it is very excellent way for people to criticize people in communities without really having to identify themselves. I do unfortunately read those blogs, yes I know what they're saying. I'm not going to repeat some of the things they say, but I certainly don't let them affect my decisions because many of the comments bloggers make are based on attitudes that I don't care to discuss here today.

Why the Schools would not buy the building for the fields? First of all, my comment on using the property for ball fields was very short term. It is just while the schools are building their new schools so that they let us use their fields. So we're going to need to do something. It would be us that would need the fields, not the Schools. It would be a very short term use of the 7.6 acres of where the property has no buildings. That's why there would be no reason for the Schools to purchase that property.

Again I said that was just a very short term response as to what we would use that property. If Council approves the purchase of this on the 21<sup>st</sup>, we will engage JJR and others into finding very good uses of this property that will enhance our lakefront. Thank you.

Councilman Wojtila – Legislation Section 4 talks about other professional services. What is our estimate of that? If we pass this legislation it would include the authorization for those services which are not quantified.

Director Pietravoia – We don't have an exact figure at this point, it is difficult to estimate a total dollar amount. I would say in my presentation on the budget side of this, I was expecting that we would need about \$100,000 out of the Endowment Fund to supplement the capital dollars. We would have after demolition of the two residential structures, we would have another \$10,000-\$12,000 available in that \$100,000. I was assuming that we could cover most of those costs with that \$10,000-\$12,000.

Councilman Wojtila – Do you anticipate a full asbestos study on all three buildings? Pre-demolition asbestos survey?

Director Pietravoia – The asbestos survey would primarily be for the church/school building. I don't know that it would be required for the residential structures. Individual residential structures when they are taken down don't typically require an asbestos removal assessment.

Councilman Wojtila – The annual cost of maintaining the property? I guess it all depends on what we do with it and what our plan is?

Director Pietravoia – It would vary from possibly mothballing the building to if we are successful in attracting someone that might lease the building on a temporary basis, that would offset any operating cost. We do know from the Diocese information that they've provided, it was costing them about \$30,000 a year for all utilities; gas, water, electric, sewer.

Councilman Wojtila – I don't think you're accurate on residential properties not needing an asbestos survey. We demo quite a few of those and we always need an asbestos survey. I think as part of the due diligence, we need to do asbestos survey on all three buildings, especially the church building because we're going to be asking the question two years from now, if something comes up that we want to enter into an agreement with somebody but they don't want the building, they want to tear the building down, it might be a situation where we're going to do the demolition, we need to know, we're buying the property, we need to know what we're buying. You buy a car you look under the hood, you buy a piece of property, you do an asbestos Phase I, all that. I think we do need to do that and I don't think it will be covered by \$12,000 if that includes the environmental assessments, the asbestos surveys, the surveys, plus closing costs. You'll need additional amount in the closing costs since we're sharing in half of most of those.

Director Pietravoia – We do have the option, obviously we want to minimize our expenditures outside of the actual purchase price, but we do have the option, those are all qualified expenditures of we had to use additional dollars out of the Endowment Fund or the Harbortown TIF. We did plan to do the asbestos assessment. I did indicate that in my earlier remarks and I'll repeat it again. The only thing I'm not certain about and at your advice we'll certainly look into whether that's required for the residential structures as well. If it is we will absolutely do it for all three structures.

Councilman O'Neill – We talked about if we do purchase a property that the rectory and convent will be the first to be demo'd. We did touch on the asbestos. I guess my question is, if there's a possibility that either one of those or both of those structures, if there was an intent or an inquiry of someone was interested in leasing either one of those structures, would we be willing to stick somebody in there and collect some rent? Is it something we want to market before we demo it?

Director Pietravoia – I would not recommend, there's been concern expressed about maintaining the main building, let alone the two other structures. We've been through the structures and the rectory in particular is not nearly in as good condition as the other two buildings. At a minimum I would advise that come down shortly after purchase if we do go forward.

Councilman O'Neill – So if there's any doubt whether we would want to lease or rent either one of those buildings, your estimation is no, we should tear them down?

Director Pietravoia – That would be my recommendation at this point.

Councilman O'Neill – For the record, I don't read the blogs either.

Councilwoman Scarniench – Just piggybacking on that. I was in the nun's home about a year ago and I wouldn't want to keep that building, it needs to come down. I want to address something that has been said here, it has been said on the blogs because I do read them and it has been said by other people. It is talking about the property that we bought. When we bought Parklawn Gardens some years ago, there was a reason we did that. The drug infested area, we had murders that took place there. The Envoy Inn across the street, the same thing, the drugs and murder. Paul Oyaski, he was the Mayor and he said how much would you be willing to pay for this, we said anything we could to get rid of that. We did. Unfortunately we didn't buy it all, but I don't think we've had any problems like that any more. We've made that neighborhood safer for the people who live over there. I don't think those were bad investments.

Century Corners is growing. We've got a new building that will be coming up soon, there will be very little of it left. In this economy, that's a great thing that we're finally getting to do that.

We don't belong in the real estate business, but I don't think what we did over there on the south side of Euclid Ave., was wrong when we did it and I'll stick by that because it made the neighborhood safer for the people who still live there.

Mayor Cervenik – If I could just comment upon that a little further and I did mean to in my other remarks, sometimes subtraction is addition; sometimes we need to spend money that we're not going to make profit on. There are a number of other properties in that area that if we can come up with the money, I wouldn't mind seeing irradiated as well. This is what a community such as Euclid has to do is tackle our problems, face them head on and sometimes we're not going to make a profit on what we're doing. What we did back then was the right thing to do. I cannot phantom Babcox, Wilcox and University Hospitals and some other companies relocating there if that condition that was taking place at that time was still there. I agree with you and I appreciate you bringing those comments up.

Councilwoman Minarik – To the residents' questions, the one comment about specifying in the ordinance guidelines and restrictions, would that come up at the time of sale? The next question, mixed use zoning is not in the codified ordinances, but we have mixed use for example in Downtown, for example the Brock building, so I would like that clarified. Then the fact that Arthur Treacher's and the mart breaks the property up into an "L" sorta kinda, is that going to be a problem, do you believe for redevelopment down the road?

Director Pietravoia – To the question about the mixed use zoning, our commercial districts do allow non-retail uses unlike our industrial area which is exclusively industrial. However, this is an area of our code that over time, modern codes do include specifically a mixed use district and we don't currently have that in our code. Just as we've amended the code over the past couple of years for a variety of other reasons, this is something we could easily add to our code if we needed to to accommodate a development.

Director Frey – Question from Council person Minarik on the legislation. The appropriate time to put in restrictions on use would be in the development agreement that would be authorized by City Council by piece of legislation selling the property. We wouldn't necessarily put restrictions on use or plans for use in the authorization to purchase it but rather when we get ready to sell it to a developer.

President Holzheimer Gail – The other parcel, the Arthur Treacher's and other smaller parcel?

Director Pietravoia – I think it is apparent, well in my opinion it is apparent from the size of this property that even without those, it is still a large enough parcel that it could accommodate development easily on its own, it still has a very significant Lake Shore Blvd. frontage. If as we go forward and try to seek a developer, they were interested, that's where the role of the developer would come in, to Councilman Wojtila's and other's points, the resident's point about not being in the real estate business. We have to be to a certain degree but not 100%. There are times where that public/private partnership comes in and I would see that as an approach that a developer may attempt to acquire those properties if they felt they were needed to make good development successful.

Councilman Langman – If we obtain the property we give ourselves options on a variety of fronts. If we don't, we will have very few. Just from that standpoint alone I think this is the right move. Again, our fundamental question is, do we believe that we as the government has a role in this, I think we do. No, that doesn't mean I agree with how everything was done in the past, but that fundamental role I believe for older communities is paramount. We have to be involved, or else the private market, the free market will not do what we need to do. So, I will make a motion to send this back to the full Council with a recommendation for passage.

Councilman Langman moved Ord. (121-10) to full Council with a recommendation for passage. Councilman O'Neill seconded.

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

Nay: Wojtila

To full Council with recommendation for passage.

President Holzheimer Gail – This will be on our next Council meeting which is one week from today, June 21<sup>st</sup>.

Mayor Cervenik – I would like to thank City Council for their action this evening. I assume we're in for a long evening on the 21<sup>st</sup>. It is my wife and our 36<sup>th</sup> Anniversary. I know I don't look that old. I will be here and we will discuss, she's a very understand woman and I'm glad she is. I do appreciate your action this evening and your understanding of why this piece of legislation is so important to not only our lakefront development but to the development and redevelopment of our community as a whole. Thank you.

Councilwoman Minarik moved to adjourn. Councilwoman Scarniench seconded. Yeas: Unanimous.

Meeting adjourned.