



## SHAKER HEIGHTS

### Finance and Administration Committee Agenda City Hall Conference Room B Monday, November 18, 2019, 7:30 am

1. Approval of the minutes of the regular meeting of October 21, 2019.

Documents:

[FNMN1021.PDF](#)

2. Proposed Tax Increment Financing on Wendy's Property.

Documents:

[MEMOWENDYSTIF.PDF](#)

3. Authorizing an extension of time for repayment of a loan to the Shaker Heights Development Corporation.

Documents:

[SHDC LOAN EXTENSION\\_11-18-2019 FINANCE MEMO.PDF](#)

4. Amending Section 136.06 of the Administration Code of the Shaker Heights Codified Ordinance relative to the Compulsory Retirement Age.

Documents:

[FINANCE AND ADMINISTRATION COMPULSORY RETIREMENT AGE - 11-18-19.PDF](#)

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# SHAKER HEIGHTS

**Finance and Administration Committee Minutes  
Monday, October 21, 2019  
7:30 A.M.  
Conference Room B**

Members present: Council Member Sean Malone, Chair  
Council Member Earl Williams, Jr.  
Council Member Rob Zimmerman  
Council Member Nancy Moore  
Citizen Member Tom Cicarella  
Citizen Member Martin Kolb

Others present: Mayor David E. Weiss  
Chief Administrative Officer Jeri Chaikin  
Frank J. Brichacek, Interim Finance Director  
Cheryl Arslanian, Assistant Finance Director  
Kamla Lewis, Director of Neighborhood Revitalization  
Jeffrey DeMuth, Chief of Police  
Alexandria Nichols, Director of Recreation  
Ann Klavora, Principal Planner  
Cameron Roberts, Planner  
Matt Stuczynski, MAS Financial Advisory  
Frank Goforth, League of Women Voters

The meeting was called to order by Chair Sean Malone at 7:30 A.M.

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**APPROVAL OF THE SEPTEMBER 16, 2019 MEETING MINUTES**

Chair Malone stated that approval of the minutes of the September 16, 2019 were approved as recorded.

\* \* \* \*

**APPROVING AND AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT UNDER THE CITY'S SIDE LOT PROGRAM, FOR THE SALE OF THE CITY-OWNED PROPERTY AT 3308 SUTTON ROAD, SHAKER HEIGHTS, OHIO, (PPN 735-14-005) FOR A PURCHASE PRICE OF \$100.00, AUTHORIZING THE DISPOSITION OF CITY-OWNED PROPERTY WITHOUT COMPETITIVE BIDDING.**

Kamla Lewis, Director of Neighborhood Revitalization, stated that this item is requesting approval and authorizing execution of a purchase agreement for the City-owned property located at 3308 Sutton Road, Shaker Heights, Ohio, and authorizing the disposition of City-owned property without competitive bidding.

The City has received an application from Lila Campoblanco, 3304 Sutton Road, who is interested in acquiring the city owned vacant lot adjacent to her home in order to expand her lot which has no backyard. Ms. Campoblanco proposal stated that the vacant lot would be landscaped by a professional contractor at a cost of approximately \$3,000 and used for a side yard.

The Neighborhood Revitalization & Development (NRD) Committee considered this application at their October 10<sup>th</sup> meeting and recommended the sale of the vacant lot located at 3308 Sutton Road (PPN 735-14-005) to Ms. Campoblanco.

Citizen Member Kolb asked about the variance in price of the lots being sold and questioned if there was a reason the cost was not more uniformed or consistent.

Director Lewis stated that at the start of the program the Neighborhood Revitalization Committee had a discussion and it was decided that the lots are so varied in size, usage, no use, buildable verses non buildable and it was determined that a set price should not be set. The City receives a proposal to acquire the land including a statement on the development plans for the lot and how it is going to benefit community.

In response to Citizen Member Kolb regarding possible future issues, Director Lewis stated that all residents before submitting a proposal are aware of other properties sold and the amount they were sold for and are involved with information sharing meetings.

Council Member Moore stated that this is a significant investment for the resident that purchases the property and that included in the purchase is future increased property taxes.

Citizen Member Cicarella suggested that possibly one of the requirements for the purchase of a vacant lot might be the planting of trees as opposed to a few bushes or other landscaping, which in turn would benefit the City.

Director Lewis stated she agreed and that an employee from the Planning Department does meet with the resident before the purchase of the lot and does encourage planting a live fence verses just a chain link.

The Finance and Administration Committee recommended approving and authorizing execution of a Purchase Agreement under the City's Side Lot Program, for the sale of the City-owned property at 3308 Sutton Road, Shaker Heights, Ohio, (PPN 735-14-005) for a purchase price of \$100.00, authorizing the disposition of City-owned property without competitive bidding.

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**APPROVING AND AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT UNDER THE CITY'S SIDE LOT PROGRAM, FOR THE SALE OF THE CITY-OWNED PROPERTY AT 3713 STRANDHILL ROAD (PPN 736-15-092) FOR \$1.00 AND UTILIZE IT AS AN EXPANDED BACKYARD.**

Director Lewis stated that this item is requesting approving and authorizing execution of a Purchase Agreement for the City-owned property located at 3713 Strandhill Road, Shaker Heights, Ohio and authorizing the disposition without competitive bidding.

The City has received an application from Tim and Melissa Kalan, 3614 Glencairn Road, who are interested in acquiring the city owned vacant lot behind their home in order to expand their lot. Their proposal stated that the vacant lot would be landscaped by a professional contractor and used to enlarge the backyard at an approximate cost of \$5,772.

The Neighborhood Revitalization & Development (NRD) Committee considered this application at their October 10<sup>th</sup> meeting and recommended the sale of the vacant lot located at 3713 Strandhill Road (PPN 736-15-092) to the Kalan family.

The Finance and Administration Committee recommended approving and authorizing execution of a Purchase Agreement under the City's Side Lot Program, for the sale of the City-owned property at 3713 Strandhill Road (PPN 736-15-092) for \$1.00 and utilize it as an expanded backyard.

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**AMENDING SECTION 141.22 OF THE ADMINISTRATIVE CODE OF THE SHAKER HEIGHTS CODIFIED ORDINANCES TO INCREASE HOCKEY PROGRAM FEES.**

Alexandria Nichols, Director of Recreation, stated that the Shaker Youth Hockey program is operated by the City and includes several hockey programs, clinics and camps that serves both residents and non-residents with priority for residents. Shaker's hockey program does service youth from surrounding communities that do not have a rink. The league fees are regulated by City Ordinance. A hockey fee study was conducted with the goal of learning more about what others rinks are charging with the result determining Shaker fees are neither the highest nor the lowest. The hockey fees account for approximately 33% of the rink revenue with the last hockey fee increase in 2013.

This item was presented to the Recreation Committee on October 2, 2019 followed by an extensive discussion. Following the discussion, the Recreation Committee approved the recommendation to increase the hockey fees of approximately 5% to be implemented in the springs of 2020 for the 2020-2021 program season.

Council Member Moore inquired on the origination of the Recreation Fund and how the funds became exhausted.

Chief Administrative Officer Chaikin stated that in the past the transfers from the General Fund to the Recreation Fund were more than needed. The General Fund always subsidized the Recreation activities and started to adjust the transferred amount.

In response to Council Member Moore regarding the subsidy, CAO Chaikin stated that starting in January, the Finance and Recreation Departments worked together to track non-revenue and revenue programs and have the records to identify what program needs to be subsidized.

In response to Citizen Member Lalley regarding corporate sponsorship, Chair Malone stated that private owned rinks are in a position to cover their expenses with higher fees verses public rinks and the committees thought on corporate sponsorship and would it be enough monies to cover the subsidy.

Council Member Williams stated that for as long as he could remember the facility never received enough in fees to pay for itself, but now that it is adjacent to the Van Aken District could put the rink into a better position. The City long ago decided a rink was an asset to the City and was willing to carry the rink knowing ice rinks were money losers.

In response to Citizen Member Cicarella regarding competition, Director Nichols stated that the competition consisted of Cleveland Heights and the Cleveland Skating Club.

In response to Citizen Member Kolb regarding the expense, revenue and subsidy; Mayor Weiss stated that revenue and expenses are trackable and that the subsidy is done on a percentage basis and is used for other programs.

In response to Citizen Member Lalley regarding resident's participation in hockey, Director Nichols stated that participation has increased with residents.

The Finance and Administration Committee recommended amending Section 141.22 of the Administrative Code of the Shaker Heights Codified Ordinances to increase hockey program fees.

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**AUTHORIZING A PERSONAL SERVICES CONTRACT WITH PRECISION WILDLIFE MANAGEMENT LTD FOR THE 2019-2020 DEER MANAGEMENT PROGRAM IN THE TOTAL AMOUNT NOT TO EXCEED \$68,000.**

Jeffrey DeMuth, Chief of Police, stated that this item is requesting the acceptance of a proposal and authorizing a personal services contract with Precision Wildlife Management LTD for the 2019-2020 Deer Management Program for deer culling on public and private property in the total amount not to exceed \$68,000.

In response to multiple resident complaints about the impact of the overabundance of deer, the Wildlife Task Force was formed consisting of residents and Council Members to study the impact of the deer population in the City. The negative impacts associated with an overabundance of deer population is well documented. The Wildlife Task Force has recommended we continue the deer culling program for the 2019-2020 season and that deer culling be permitted on private property.

This item was presented to the Safety and Public Works Committee on October 4<sup>th</sup> and after discussion, the proposal for \$58,000 to cull on both public and private property was supported by a majority vote of the members.

In response to Council Member Williams regarding private property, Chief DeMuth stated that it did included all residential private property and all properties are subject to review and approval.

Council Member Zimmerman stated that he is a member of the Wildlife Task Force and attended the Safety and Public Works Committee meeting and can insure the committee that the policies of this item have been thoroughly discussed by multiple committee meetings and the only decision left to make the financial cost of public culling or public/private culling. The contractor informed the City the deer population moved from public property to bedding down in private property and in order for the culling to be successful suggested that both public and private properties needed to be done.

Chief DeMuth stated that the contractor claimed last year it was almost impossible to draw the deer to the bait piles on the public property because they all bedded down on private property.

In response to Citizen Member Cicarella in regards to ammunition, Chief DeMuth stated that the contractor uses a 243 caliber rifle and “no risk of penetration” or “pass through” bullet.

Council Member Moore stated that the contractor takes only one shot or he does not take the shot.

Chief DeMuth stated that the contractor does have a log of all culling activities and 99% of all his cull shots are from the back of a truck on top of the cab. The spotter locates the deer through a special binoculars and once the contractor knows the wind speed, he is able to adjust his sights to where he needs to place the bullet exactly.

In response to Citizen Member Kolb, Chief DeMuth stated that this is a budgeted expense and gave a brief timeline of activities the contractor follows.

In response to Citizen Member Lalley regarding the neighboring cities, Chief DeMuth stated that research has indicated that if unchecked a deer herd will multiply 20 to 30% every year. There have been conversations with other cities who are doing nothing, but trying to decide if it is time since their issues are becoming out of control.

Council Member Zimmerman stated that the City has made very strong efforts with the neighboring cities to bring them on board with the program, but for whatever reason it seems to be stalled.

In response to Chair Malone regarding Precision’s personnel, Chief DeMuth stated that the owner of Precision is the only shooter and he has a spotter that works with him and presently he is only culling for Shaker Heights.

In response to Citizen Member Cicarello regarding Lyme disease, Chief DeMuth stated that it is the responsibility of the Ohio Department Natural Resources and they control the herd and are opponents of hunting.

Chair Malone asked what is the proper size of a private lot for culling.

Council Member Moore stated that most of the decision on this topic was about safety and it is up to the contractor to determine whether a private property is safe. The contractor has his perimeters that are defined and it has been determined that the contractor will make that decision on a private lot being safe.

In response to Chair Malone, Council Member Zimmerman stated that the perimeters are that the City is hiring an expert to perform the culling whose entire business and background is performing this type of work. The City has made a decision to cull and know that they have hired the right person to perform the job and are comfortable with his experience and expertise. The contractor will not take a shot unless he knows that it is safe.

In response to Council Member Williams regarding the Shaker Heights Country Club refusing culling, Mayor Weiss stated that they were not interested because presently there are not many deer on the property.

The Finance and Administration Committee recommended authorizing a personal services contract with Precision Wildlife Management LTD for the 2019-2020 Deer Management Program in the total amount not to exceed \$68,000.

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**AUTHORIZING THE CITY'S APPLICATION FOR AND ACCEPTANCE OF A GRANT IN THE TOTAL AMOUNT OF UP TO \$50,000 FROM THE CUYAHOGA COUNTY DEPARTMENT OF DEVELOPMENT 2020 SUPPLEMENTAL GRANT PROGRAM FOR PEDESTRIAN AND BICYCLE IMPROVEMENTS AT THE CHAGRIN BOULEVARD-LYNNFIELD ROAD INTERSECTION.**

Ann Klavora, Principal Planner, stated that this item is requesting authorizing the application for and acceptance of a grant from the Cuyahoga County Department of Development 2020 Supplemental Grant Program in the amount of \$50,000 to fund pedestrian and bicycle improvements at the Chagrin Boulevard-Lynnfield Road intersection.

The Cuyahoga County Department of Development has allocated \$1M for the Supplemental Grant Program (CDSG) and will award up to twenty grants of \$50,000. The Supplemental Grant Program is a competitive grant that makes awards to help strengthen cities, encourage regional collaboration and improve quality of life for county residents. CDSG applications are open to all 59 Cuyahoga County communities and 501(c)(3) community development corporations. All grant projects must meet a community development need related to the health or welfare of the community. Last year, the Planning Department applied for and received \$50,000 to make landscape improvements in the Van Aken District RTA busway area.

The 2020 grant application will request funding to install enhancements at the Chagrin-Lynnfield intersection to make it easier for pedestrians and bicyclists to cross Chagrin Boulevard. The heavy volume of traffic through the intersection (approximately 15,000 cars/day) makes crossing the street difficult and dangerous without a traffic signal.

This project was presented at a public meeting discussing the grant program on September 23. Sussex neighborhood residents in attendance voiced support for the project. This request was also presented to the Safety & Public Works Committee on October 4, where it was unanimously approved.

In response to Council Member Williams, Ms. Klavora stated that the \$50,000 is strictly for construction and the \$50,000 is maximum the City can apply for.

Council Member Zimmerman suggested that the memo be changed for the Council meeting from difficult and dangerous to stating that that intersections problem could be alleviated with a traffic signal.

Citizen Member Lalley asked is the City was spending a lot of administrative time applying for this grant, when the solution of a traffic signal doesn't seem to very satisfying in the end.

Ms. Klavora stated that this particular grant and the requirements are fairly minimal.

Chair Malone asked if this is temporary solutions and will be revisited.

Ms. Klavora stated that presently they are working with the Police Chief on this and will learn more when they have a dedicated public with the neighborhood to find out in more detail what the situations are. There are a lot of options and we are leaving open select the best option.

The Finance and Administration Committee recommended authorizing the City's application for and acceptance of a grant in the total amount of up to \$50,000 from the Cuyahoga County Department of Development 2020 Supplemental Grant Program for pedestrian and bicycle improvements at the Chagrin Boulevard-Lynnfield Road intersection.

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**AUTHORIZING AN AMENDMENT TO THE PROFESSIONAL CONSULTANT CONTRACT WITH WEBER MURPHY FOX FOR ADDITIONAL FUNDS IN AMOUNT OF \$35,874 FOR THE COMPLETION OF THE PHASE 2 DETAILED DESIGN DOCUMENTS FOR THE CITY HALL SPACE STUDY AND PLAN.**

Cameron Roberts, Planner, stated that this item is a request to modify an existing professional services contract to initiate Phase 2 of the City Hall Space Study and Plan project, which aims to co-locate the Building and Housing Inspection Department by re-organizing department locations and functionality within City Hall.

The original contract for Weber Murphy Fox (WMF) was signed in July 2018 after a competitive RFP process for the not-to-exceed amount of \$31,280 for completion of Phase 1: fit plans and cost estimates. The contract was amended twice to allow WMF to explore cost reduction options. Phase 1 of the project is now complete at a total cost of \$38,980.

In response to Council Member Williams regard the total cost, Mr. Roberts stated the final cost would be \$72,291.

The Finance and Administration Committee recommended authorizing an amendment to the professional consultant contract with Weber Murphy Fox for additional funds in amount of \$35,874 for the completion of the Phase 2 detailed design documents for the City Hall Space Study and Plan.

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**DISCUSSION REGARDING THE POTENTIAL TO REFUND THE 2012 URBAN RENEWAL BONDS.**

Frank Brichacek, Interim Finance Director, stated in 2003 and 2009 the City issued Urban Renewal Bonds to finance public improvement projects (primarily Sussex Courts and Fire House No. 1) in the Sussex and Shaker Towne Centre areas of the City. Those bonds were refunded in 2012 and 2016 to take advantage of favorable interest rates at that time. Interest rates are currently moving downward creating the potential opportunity to refinance the 2012 refunding issue, thereby reducing the City's annual TIF

debt service requirement. This is significant as currently the TIF PILOT payments from these projects are not sufficient to fully finance the annual debt service requirement, forcing the General Fund to finance the shortfall. As such, any reduction in the annual TIF debt service requirement will free up General Fund resources for other City needs.

Matthew Stuczynski, MAS Financial Advisory Services, LLC, updated the Committee on current trends in the debt market and reviewed potential refunding options available to the City should interest rates continue to move in a downward trend. He noted that while current rates are not yet at a level to justify refunding at this time, it would serve the City well to prepare for the opportunity, should the refunding provide a material savings to the City. Mr. Stuczynski reviewed a proposal that was prepared by Fifth Third Securities on October 4, 2019 as an example of the potential savings that refunding the existing bonds could provide. He also noted that the analysis also demonstrates the volatility of the market as the savings potential that existed on October 4<sup>th</sup> did not exist today due to changes in interest rates. As the existing bonds have a call provision in the next year, Mr. Stuczynski recommended that the City begin to plan now if the opportunity to refund the debt should occur in the future.

After hearing Mr. Stuczynski's presentation, the Finance Committee agreed with the idea of refunding the existing TIF debt issues should conditions favorable to the City exist in the future. If the interest rate environment warrants a refunding, an ordinance authorizing the refunding will be presented to City Council without returning to the Finance and Administration Committee for further review. The City will then be in a position to act without delay before market conditions change.

After further discussion, the Finance and Administration Committee recommended to City Council that the 2012 Urban Renewal Bonds be refunded should future market conditions become favorable to the City.

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There being no further business, the meeting was adjourned at 9:18 a.m. The next meeting will be November 18, 2019.

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Frank J. Brichacek  
Finance and Administration Committee



### Memorandum

To: Members of the Finance and Administration Committee  
From: Laura E. Englehart, Director of Economic Development  
cc: David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer  
William M. Ondrey Gruber, Director of Law  
Joyce Braverman, Director of Planning  
Date: November 18, 2019  
Re: Proposed Tax Increment Financing on Wendy's Property

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The City of Shaker Heights (the "City") is actively working to attract and create new economic development opportunities across the City. In the Van Aken District, we aim to build on the current momentum of the first phase of new development. We propose to use tax increment financing (TIF) as a tool to promote additional development of properties on Warrensville Center Road and/or Chagrin Boulevard in the greater Van Aken District. To help encourage and facilitate such future development, we can leverage the demolition and construction of a new Wendy's restaurant at 3516 Warrensville Center Road by establishing a TIF and directing the proceeds into a fund for future development activities. This is a request to recommend that City Council: (1) approve a TIF on the Wendy's property (the "Wendy's TIF"); and (2) authorize entering into a School Compensation Agreement with the Shaker Heights City School District.

The Neighborhood Revitalization and Development Committee recommended approval of these items on October 10, 2019. Upon recommendation by this Finance and Administration Committee, City Council will consider this item at its meeting this evening, November 18, 2019.

The City engaged in discussions with the School District on this TIF proposal, and Mayor Weiss presented to and reviewed the proposed agreement with the School Board at its meeting on September 10, 2019. On November 7, 2019, the School Board approved the Wendy's TIF and authorized entering into the School Compensation Agreement.

The following memo provides background information on TIFs in Ohio and the type of TIF proposed here as well as an outline of the terms of the proposed Wendy's TIF.

### Background Information

#### Payments in Lieu of Taxes (PILOTs)

The goal of a TIF is to transform a portion of the regular property tax payments made by a property owner into what are called "payments in lieu of taxes" or "PILOTs" that may be used to pay for public infrastructure or private improvements that can attract or enable private development. A property subject to a TIF is technically identified as exempt from real estate taxes owed on the future increase in assessed valuation of the property (which results from property improvements). However,

the property owner is required to make all property tax payments to the County as if there was no TIF.

When a TIF is created, a “base value” of the property is established as of the time Council passes an ordinance authorizing the TIF. Taxes on the base value continue to be collected and distributed as if there were no TIF. The increase in the value of the property over the base value creates the increment that is captured by the TIF. Instead of paying real estate taxes on that increment, the property owner’s tax payments become PILOTs equal to the amount of taxes that would otherwise have been due on that increment.

Under Ohio law, a TIF may allow up to a 100% exemption from real property taxes for up to 30 years, subject to school approval or non-objection. A city could institute up to a 75% exemption for up to 10 years without obtaining school approval.

### Background on TIF Structures

There are two basic types of TIFs under Ohio law, commonly known as .41 and .40 TIFs (named after the Ohio Revised Code sections that provide the authority). The type of TIF used determines the mechanics of instituting the TIF and the eligible uses of TIF proceeds.

1. The .41 TIF—under Ohio Revised Code Section 5709.41, TIF proceeds can be used for any urban redevelopment purpose of the City, including both public and private uses. A .41 TIF requires the City to acquire title to the property, which means the TIF must be created prior to transfer of City-owned property to a developer, or the property owner must approve and be willing to temporarily transfer the property to the City. In the latter instance, the City immediately transfers the property back to the original owner.
2. The .40 TIF—under Ohio Revised Code Section 5709.40(B), TIF proceeds can be used only for public infrastructure improvements benefiting the area surrounding the property. Funds cannot be used for private uses or go to a private developer. Use of the TIF proceeds must generally benefit the TIF property. A .40 TIF does not require the approval or authorization of the property owner, and the City is not required to be in the chain of title.

The proposed Wendy’s TIF is structured as a .40 TIF, which means that the TIF proceeds received and retained by the City could be used only (1) for public improvements such as traditional infrastructure, land acquisition, environmental improvements, or utilities; and (2) in the geographical area of the Van Aken District to generally benefit the TIF property.

### **Terms of the Proposed Wendy’s TIF**

We engaged in discussions with the Shaker Schools to prepare the following proposed TIF structure on the Wendy’s property:

- 100% exemption from real estate taxes over a 30-year term;
- In each of Years 1-15, the City would receive 62% of the PILOTs and the schools would receive 38% of the PILOTs;
- In each of years 16-30, the percentages flip and the City would receive 38% of the PILOTs and the schools would receive 62% of the PILOTs.

These percentages and splits were carefully structured so that the Shaker Schools would collect more in PILOTs (based on the estimated property value of the new Wendy's) than the total annual taxes that the Schools currently receive from this property. *See the enclosed chart showing the detailed estimated annual payments to each of the City and the Shaker Schools based on the estimated increased valuation of the newly constructed Wendy's property.* In the event that the assumed increased valuation is not realized, the City has agreed that the percentage amounts will be adjusted so that the TIF Compensation in Year 1 to the School District will not be less than \$19,260, and the actual percentage for Year 1 will be set forth in an addendum to the Compensation Agreement. The adjusted percentage will continue in Years 2-15, with a commensurate downward adjustment beginning in Year 16 of the School District's 62% share.

The base value of the Wendy's property will be set as of the time the old Wendy's building was demolished. That means that taxes on the value of the land will be collected and distributed as if there were no TIF. PILOTs will be collected on the value of the newly constructed Wendy's building, as completed. The TIF will apply to the 2020 taxes for the parcel, so the first year of PILOTs will be due and payable in 2021.

In accordance with the terms outlined in this memo, we request a recommendation to Council to: (1) approve the Wendy's TIF; and (2) authorize entering into a School Compensation Agreement with the Shaker Heights City School District. The Neighborhood Revitalization and Development Committee approved these recommendations on October 10, 2019. Upon your recommendation, this request will be presented to City Council this evening (November 18, 2019).

**TIF Proposal  
ORC Section 5709.40**

**Wendy's Site**

**62% PILOTS to City, 38% PILOTS to Schools Years 1-15  
38% PILOTS to City, 62% PILOTS to Schools Years 16-30**

	<b>Current Market Value</b>	<b>With New Building</b>	<b>Increase</b>
<b>Wendy's Site</b>	Land \$ 871,100	\$ 871,100	\$ 0
	Building \$ 448,600	\$ 960,000 (80% of cost)	\$ 511,400
	Total \$ 1,319,700	\$ 1,831,100	\$ 511,400
<b>Existing Annual Taxes on the Property</b>  (On current land and bldg.)	Non-School \$16,134* (23.2%)		
	School Portion \$53,528 (76.8%)		
	All Taxes \$69,662 (100%)		
	* City Portion of Non-School Taxes: \$4,573 (6.5% of total taxes)		

<b>Total Annual Taxes from the Property (Land + Building)</b>	
Current =	\$69,662
Taxes on vacant land (Base TIF Value) – after demolition of Wendy's building =	\$45,982
Estimated Total PILOTS on New Value (minus taxes on land) =	\$50,675
Total Taxes Plus PILOTS on New Value (after building built) =	\$96,657
<b>Total Annual Taxes to the Schools (Land + Building)</b>	
Current	= \$53,528 (Land \$35,333 + Bldg. \$18,196)
New Value, no TIF	= \$74,271 (Land \$35,333 + Bldg. \$38,938) *
New Value, TIF yrs. 1 – 15	= \$54,589 (Land \$35,333 + Bldg. \$19,256) **
New Value, TIF yrs. 16 – 30	= \$66,751 (Land \$35,333 + Bldg. \$31,418) ***

\* Schools 76.8% of land and building.

\*\* Schools 76.8% of land, 38% of building.

\*\*\* Schools 76.8% of land, 62% of building.

<b>TIF Estimated Breakdown</b>		<b>62%/38% 38%/62% TIF</b>
<b>TIF Period</b>		<b>30 YEARS</b>
<b>Years 1-15</b>	<b>Schools Percentage</b>	38.0%
	<b>City Percentage</b>	62.0%
<b>Years 16-30</b>	<b>Schools Percentage</b>	62.0%
	<b>City Percentage</b>	38.0%
<b>Years 1-15</b>	<b>Annual School PILOTS</b>	\$19,256
	<b>Annual City PILOTS</b>	\$31,418
<b>Years 16-30</b>	<b>Annual School PILOTS</b>	\$31,418
	<b>Annual City PILOTS</b>	\$19,256
<b>TIF Proceeds Years 1-15</b>	<b>Schools</b>	\$288,847
	<b>City</b>	\$471,276
<b>TIF Proceeds Years 16-30</b>	<b>Schools</b>	\$471,276
	<b>City</b>	\$288,847
<b>TIF Proceeds over 30 Years</b>	<b>Schools</b>	\$760,123
	<b>City</b>	\$760,123
<b>Annual Increase in School Total Revenues from Building Value Compared to 2018 Taxes on Building</b>	<b>Years 1-15</b>	\$1,061*
	<b>Years 16-30</b>	\$13,223**
<b>30-Year Increase in School Total Revenues Over 2018 Taxes on Building</b>		<b>\$214,256</b>

\* \$19,256 (PILOTS to schools in each of the first 15 years) minus \$18,196 (taxes on Wendy's building before demolition) = an additional \$1,061 in taxes on building with a TIF compared to 2018 school district portion of taxes on building.

\*\* \$31,418 (PILOTS to schools in each of the second 15 years) minus \$18,196 (taxes on Wendy's building before demolition) = an additional \$13,223 in taxes on building with a TIF compared to 2018 school district portion of taxes on building.



## Memorandum

To: Members of Finance and Administration Committee  
From: Laura Englehart, Director of Economic Development  
cc: Mayor David E. Weiss  
Chief Administrative Officer Jeri E. Chaikin  
Date: November 18, 2019  
Re: Extension of time for repayment of loan to the Shaker Heights Development Corporation

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In December 2013, City Council authorized a loan for \$27,200 from the Economic Development and Housing Reserve Fund to the Shaker Heights Development Corporation (SHDC). The loan supported professional services to help SHDC raise funds for the Shaker LaunchHouse Institute (SLHI), the first program of the SHDC, focused on educational initiatives to inspire entrepreneurial creativity and critical thinking skills in middle, high school, and college students, as well as other entrepreneurs. The loan was originally to be repaid to the city by the end of 2016. At that time, after the SLHI became defunct and SHDC began to pursue other strategic objectives, City Council extended repayment of the loan. The loan is now set to mature in January 2020. This is a request for a recommendation to extend the loan on its same terms for an additional three years to January 2023.

The Neighborhood Revitalization and Development (NRD) Committee considered this request on November 13, 2019, and in the absence of a quorum, voiced support for the loan extension. The NRD Committee also requested a future comprehensive update from SHDC on their new strategic plan, which will be scheduled shortly. Upon recommendation by this Finance and Administration Committee, City Council will consider this item at its meeting this evening, November 18, 2019.

As background, the former nonprofit Fund for the Future (FFF) ceased operations in 2012 and transferred its reserves and outstanding receivables to SHDC, in part to support commercial and neighborhood development in the Moreland and Lomond neighborhoods. Eligible uses of these funds did not include fundraising for the Shaker LaunchHouse Institute, so the city loaned \$27,200 to SHDC to fund a contract with a fund development consultant to help raise funds for SHLI operations. The consultant, the Hodge Group, evaluated fundraising strategies for SHDC, engaged numerous potential funders and pursued a number of grant opportunities, all focused on SHLI.

To allow SHDC to transition its programming away from an initial focus on SLHI, take over program operations of the City-owned building at 3558 Lee Road now known as The Dealership, and update its economic development strategies, in 2016 City Council approved a three-year extension for the repayment of the \$27,200 loan, until January 2020.

During this past three-year period, SHDC, among other activities:

- (1) Rebranded and improved The Dealership co-working facility, which is now consistently at 85-90% occupancy and is stabilized after a tumultuous 2016 and 2017;
- (2) Facilitated real estate acquisitions and improvements along Lee Road, including helping Protem Healthcare Services and Process Canine open and expand in previously vacant properties, which brought more than 50 new employees to the Lee Road corridor;
- (3) Implemented targeted streetscape enhancements at the intersection of Lee and Hampstead roads; and
- (4) Began to convene the Van Aken and Chagrin-Lee business associations.

Given these early successes and the need to continue the momentum of these new updated economic development strategies, SHDC has requested a three-year extension for the repayment of the \$27,200 loan, until January 2023.

Going forward, SHDC will continue to expand its current efforts, focusing its resources on furthering real estate development activities along Lee Road and identifying new revenue streams for SHDC to help make the organization less reliant on major fundraising events and City financial support.

The City fully supports SHDC's efforts, which complement and strengthen our own economic development efforts throughout the city. Therefore, the Economic Development Department requests that the Finance and Administration Committee recommend to Council the extension of time for SHDC to repay a \$27,200 loan, from January 2020 to January 2023. The interest rate will remain at 1% per year, and repaid loan proceeds will return to the Economic Development and Housing Reserve Fund.



## Memorandum

To: Members of the Finance and Administration Committee  
From: Sandra Middleton, Human Resources Manager  
cc: Mayor David E. Weiss  
Chief Administrative Officer Jeri E. Chaikin  
Date: November 18, 2019  
Re: Compulsory Retirement Age

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Section 135.06 of the Administrative Code of the Shaker Heights Codified Ordinances states for employees other than firefighters and law enforcement officers, there shall be no mandatory retirement age. Firefighters and law enforcement officers have a mandatory age of sixty (60).

Ordinance 19-74, enacted August 19, 2019, authorized the Mayor to enter into a labor agreement with Local 516 of the International Association of Firefighters, AFL-CIO. The labor agreement included language that firefighters may request up to three (3) twelve (12) month waivers of the mandatory retirement age to extend employment to the age of sixty-three (63). The employee must request a waiver in writing at least ninety (90) days, but no more than one hundred and twenty (120) days, prior to the employee's sixtieth (60<sup>th</sup>), sixty-first (61<sup>st</sup>), and sixty-second (62<sup>nd</sup>) birthdays, respectively. An employee requesting a waiver must submit to a fitness for duty examination by a physician of the City's choice. The examination must determine that the employee is physically and psychologically fit to perform all essential functions of the job. The City has sole discretion to approve or disapprove the requested waiver based on the fitness for duty examination results and the employee's prior performance reviews.

The same employment extension language was included in the tentative agreement with Ohio Patrolmen Benevolent Association (OPBA) Sergeants and Lieutenants bargaining unit.

In order to have the City's ordinance consistent with the negotiated labor agreement(s), it is necessary to request to amend the City's ordinance to incorporate the language establishing a procedure to request a waiver of the mandatory retirement age of sixty (60).

As part of the amendment to Section 135.06 of the Administrative Code, it is recommended that the Mayor be authorized to grant waivers of the mandatory retirement age beyond the age of 60 for administrative firefighters and law enforcement personnel (such as the Chief, Assistant Chiefs and other officers who are not subject to a collective bargaining agreement).

It is requested that the Finance and Administration Committee recommend to amend the City's codified ordinance Section 136.06 to give firefighters and law enforcement officers the opportunity to request up to three (3) twelve month waivers of the mandatory retirement age to extend employment to the age of sixty-three (63) subject to a fitness for duty examination and the employee's prior performance reviews and that the Mayor be authorized to grant waivers of the mandatory retirement age for administrative firefighter and law enforcement personnel.