



SHAKER HEIGHTS

**Finance and Administration Committee Minutes
Monday, August 19, 2019
7:30 A.M.
Conference Room B**

Members present: Council member Sean Malone, Chair
Council member Earl Williams, Jr.
Council member Rob Zimmerman (arrived 7:37am)
Council member Nancy Moore
Citizen member Martin Kolb
Citizen member Linda Lalley
Citizen member Anthony Moore

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
Joyce Braverman, Director of Planning Department
Frank Goforth, League of Women Voters
Chad Gorfido, Rea & Associates

The meeting was called to order by Chair Sean Malone at 7:32 A.M.

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APPROVAL OF THE JUNE 17, 2019 AND JULY 15, 2019 MEETING MINUTES

Chair Malone stated that approval of the minutes of the June 17, 2019 and July 15, 2019 were approved as recorded.

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AUTHORIZING A CONTRACT WITH RMS INVESTMENTS IN THE TOTAL NOT-TO-EXCEED AMOUNT OF \$44,559 FOR AN ADDITIONAL YEAR OF THE CLEAN AND SAFE PROGRAM.

Joyce Braverman, Director of Planning, stated this item was requesting authorization to enter into a contract with RMS Investment in the total not-to-exceed amount of \$44,559 for an additional year of the Clean and Safe Program. In September 2018, a Clean and Safe Program in contract with Downtown Cleveland Alliance (DCA) was established for the Van Aken District. The existing agreement between the City and RMS to jointly fund this program ends on August 19, 2019. The Clean and Safe Program currently provides clean services including trash removal, power washing and weeding. The safe services enhance the sense of safety, visibility, safety escorts and responding to unusual activities. The program operates from 7am to 12am seven days a week.

CITY OF SHAKER HEIGHTS

In response to Citizen member Moore regarding protection coverage, Director Braverman stated business properties are not included, but it does include sidewalks in front of properties more than behind properties and includes the parking lots for Tower East and University Hospitals.

Council member Moore commented the City's previous trash problem on the sidewalk by bus stops before this program.

Chair Malone requested that Director Braverman update the committee regarding the talks on the Business Improvement District.

Director Braverman stated that the talks had been halted since the loss of the City's Economic Development Director last year and are scheduled to continue next year with the hiring of the new Economic Development Director.

Chair Malone stated that during a Lee Road Corridor meeting the business owners stated that they are picking up trash daily and believed this program should be considered for that district.

Citizen member Lalley touted the program and just how effective the program is and complimented the use of the funds going to this working program.

In response to Council member Zimmerman regarding the contract, Director Braverman stated the City contracts with RMS and RMS contracts with Downtown Cleveland Alliance.

The Finance and Administration Committee recommended authorizing a contract with RMS Investments in the total not-to-exceed amount of \$44,559 for an additional year of the Clean and Safe Program.

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APPROVING AND AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT FOR THE CITY –OWNED PROPERTY LOCATED AT 3643 AVALON ROAD, SHAKER HEIGHTS, OHIO (PPN 735-30-037), AND AUTHORIZING THE DISPOSITION OF CITY-OWNED PROPERTY WITHOUT COMPETITIVE BIDDING.

Kamla Lewis, Director of Neighborhood Revitalization, stated an application to acquire the City-owned vacant lot at 3643 Avalon Road (PPN 735-30-037) was received from Douglass and Sharee Thornton. The Thornton's propose to purchase this vacant lot to fence it in and use for a side yard at a cost of approximately \$3,325 using a contractor to perform the work.

The Neighborhood Revitalization and Development (NRD) considered the application at their August 14th meeting and unanimously approved recommending to Council.

In response to Chair Malone regarding the application from the Winchell's presented in May being missing from the list, Director Lewis stated that it does take time to close.

The Finance and Administration Committee recommended approving and authorizing execution of a Purchase Agreement for the City-owned property located at 3643 Avalon Road, Shaker Heights, Ohio

(PPN 735-30-037), and authorizing the disposition of City-owned property without competitive bidding.

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ACCEPTING THE RECOMMENDATION OF THE CITY'S TAX INCENTIVE REVIEW COUNCIL (TIRC) TO CONTINUE THE EXISTING DEVELOPMENT AGREEMENTS FOR TAX EXEMPTION AND PAYMENTS IN LIEU OF TAXES (PILOTS), PURSUANT TO OHIO REVISED CODE SECTION 5709.85.

Director Braverman stated that the City of Shaker Heights Tax Incentive Review Council (TIRC) held its state required annual meeting on July 23rd. The TIRC is charged with reviewing current tax incentive agreements on an annual basis and ensuring transparency and accountability on the part of the City and developer in the management of each of the agreements.

The meeting was attended by Planning Director Braverman, Assistant Director of Finance Arslanian, Councilman Williams, citizen members Patricia Barz and Neil Dick, and School Board Treasurer Bryan Christman. The County TIRC members and staff included Chairperson Lisa Rocco, Prentis Jackson, Susan Infeld, Ashley Rondon, and Bridgett Cofield.

By statute, the TIRC must meet and review annually certain legislatively authorized, active agreements that grant tax exemptions. During 2018, the City had (and still has) three categories of active exemptions: Urban Renewal per Ohio Revised Code §725; Tax Incremental Financing per §5709; and Community Reinvestment Areas per §3735.66. At the TIRC meeting, each of these three categories was reviewed for 2018, including compliance with active agreements, financial reports, and general project information as required per state law.

After presentations by City staff, including a thorough budgetary review by City staff and discussion by TIRC members, the TIRC voted and found that the City is in compliance with its agreements as outlined above. The TIRC then voted that the City should continue the agreements without modification and convey such recommendation to Council. Both votes passed unanimously.

The TIRC has, through transmittal of the July 23rd minutes to the City's Clerk of Council, submitted its recommendation for continuation of the City's Agreements as outlined above. The next step is for City Council to vote and act on the TIRC's recommendations within 60 days (no later than October 31, 2019).

In response to Council member Williams regarding any impact on income taxes, Director Braverman stated these are strictly property tax abatements.

Citizen member Lalley asked the question if the second action that is required to be taken by the TIRC ended up being not to continue the agreement, what would happen to those taxes?

Director Braverman stated that if the City was not in compliance the agreement would be ended and they would no longer be collected PILOTs or distributing them on the City's behalf. The City to-date has been in compliance and plans to remain in compliance.

Citizen member Lalley questioned if the South Moreland CRA was a yearly TIRC agreement and what impact the no activity would have on it.

Director Braverman stated no activity would have absolutely no impact.

In response to Citizen member Lalley regarding the TIF arrangement with Van Aken, Director Braverman stated that we did not plan on collecting anything.

Cheryl Arslanian, Assistant Finance Director, stated Van Aken was not required to be included in this report, but was reported to the TIRC.

Chair Malone asked about the Urban Renewal bonds and the 725s. He stated that he remembered that the CVS parcel yielded higher than usual PILOTs, but that was likely due to the inclusion of prior year PILOTs

The Finance and Administration Committee recommended accepting the recommendation of the City's Tax Incentive Review Council (TIRC) to continue the existing Development Agreements for Tax Exempt and Payments in Lieu of Taxes (PILOTs), pursuant to Ohio Revised Code Section 5709.85.

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AUDITORS EXIT CONFERENCE
REA & ASSOCIATES CPA'S CHAD GORFIDO

Auditor Chad Gorfido opened the discussion with the results of the audit for the year ending December 31, 2018. Mr. Gorfido stated that in the opinion of the independent auditor, in accordance with the Government Auditing Standards applicable to financial audits, the City of Shaker Heights financial statements are free from material misstatements resulting in no material findings on reporting performance objectives or non-compliance.

Citizen member Lalley questioned if there was any pronouncements in the future that the City might have a challenge complying with.

Mr. Gorfido stated that there weren't any pronouncements that the City would have a challenge complying with. There are new lease standards that are in the future which will change how leases are accounted for. Presently there are operating and capital lease and with the change all leases will be on the books.

In response to Chief Administrative Officer Chaikin requesting examples of operating leases, Mr. Gorfido stated that a capital lease means that you bring on an asset, then you bring on the liability for the lease as well. An operating lease you would not record any asset nor liability. It would be only a disclosure in the notes that the City is subject to that lease.

In response to Chair Malone regarding percentages of municipal clients that receive no material findings, Mr. Gorfido stated that out of approximately 35 only 3 to 4. It is an accomplishment that a City should be proud of.

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There being no further business, the meeting was adjourned at 8:14 a.m. The next meeting will be September 16, 2019.

Frank J. Brichacek
Finance and Administration Committee