

**JOINT COM DEV & FINANCE COMMITTEE MEETING MINUTES from MONDAY, MARCH 14<sup>TH</sup>, 2022 [meeting began at 6:10 P.M.]**

**FINANCE PRESENT:** Chair Stewart, Tollett, Cerra, Davis, Schneider

**CD PRESENT:** Chair Callahan, Mitchell, Lipian, Oswald, Schneider

**OTHERS PRESENT:** Law Dir Deery, Safety Service Dir Brubaker, Mayor Whitfield, Finance Dir Pileski, Asst Finance Dir Farrell, Asst Dir Calvert, Asst Dir Williams, Engineer McKillips, WWPC Supt. Korzan, HR Dir Yousefi, Building Official Farkas, Parks Dir Reardon, Fire Chief Pronesti, Council members Simmons and Corbin

**This is a JOINT Meeting of the Community Development Committee and the Finance Committee of Elyria City Council. Community Development was already called to order and Chair Stewart called Finance to order at 6:10 P.M.**

**1. Approval of the FEBRUARY 28<sup>th</sup>, 2022 JOINT CD / Finance Meeting Minutes.**

Motion made by Mr. Cerra and second by Mr. Oswald to approve the 'said' minutes.

**2. The matter of creating a support fund for Ukrainian and other refugees of \$50,000 to pay expenses incurred as a result of their resettlement.**

Referred By: 1<sup>st</sup> Ward Councilman Lipian and Council-at-Large Schneider

Mr. Lipian said this is a bill co-sponsored by himself and Mr. Schneider in light of the developments taking place in Ukraine. In anticipation that refugees will break upon our shores before long. Given that many of us come from immigrant families and out of concern and appreciation for that heritage we all share in the immigrant experience, to open our doors for some refugees that are facing hardships in a way that is a win for both refugees and the City. This calls for \$50,000 to be split equally between two organizations; Global Cleveland and US Together. They are both involved with helping resettle immigrants. This would include all refugees what are fleeing war-torn areas. These dollars would go for payment of assistance for their first couple of months rent and utilities and also toward some of the staffing for these organizations to help and link these refugees with Elyria businesses to help get them jobs in Elyria. As they've been discussing with Director Pileski and the idea that this could be paid for through ARPA monies. It seems there might be an avenue through the means of billing this as an opportunity to give needed relief to our beleaguered work force due to the strain of covid19. This would create opportunities whereby refugees may work in those local businesses. He said they amend this to include a clause that if they live and work in Elyria and he will work on getting more specifics.

Mr. Tollett made a suggestion that the committee has more specifics on this. That it shows exactly how much is going, for a single person or a family, any exceptions, if this was someone from Central America that is coming in thru non-traditional channels. We need specifics to make sure everyone is included in this.

Mr. Lipian thanked Mr. Tollett for this suggestion and that's why he wanted to bring this up for discussion and not to be voted on yet. He also thinks it would be wise to reach out to these partner organizations and get their input. They are interested in coming to committee to explain more about what they do and how they do it.

Mr. Oswald asked if this is something that cities regularly do? There are organizations that do this sort of thing. We want to help out, but, do cities actually kick in monies for that? So down the road, if we give to this group, now we need to give to this group?

Mrs. Mitchell said she concurs with Mr. Oswald, that's her concern as well, where do we draw the line? She is all for helping, but there are organizations out there that already do this. And what about the next group, we can't afford as a City to help every group. She agrees with Mr. Tollett, we need specifics of we're doing.

Mr. Lipian said he is sensitive to those questions. He reminded the committee that this isn't just for Ukrainians, it's for other refugees as well. This is prompted by the Ukrainian crisis, but not just for Ukrainians. It's important that by giving money to refugees does not mean taking away money from Americans. We want to help, because we can. An example of a city that opened their doors to refugees is Clarksdale and they experienced a lot of success. Also was Columbus, Ohio, they created a bill called the Afghan Neighbors Rental Assistance Fund, similar to this. He lifted information from it in the creation of this because they experienced success to create some programs to encourage refugees and help them to land on their feet. It's a way not just to support them but to support Elyria because they would be living and working in Elyria.

Mr. Schneider said one of the concerns he has is comparing Columbus density with our density and where our numbers line up. He asked where we are compared to Columbus.

Dir Pileski said he believes Columbus set aside \$50,000. Their General Fund Budget is \$883,195,000 compared to our \$34 million. By taking that same ratio, our contribution would be \$1,920. We have work to do as far as using ARPA Funds. He looked at the negative economic impact category, public health & economic impact and it says in the interim final rule that while the covid19 public health emergency affected many aspects of American life, eligible uses under this category must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exasperated by the covid19 public health emergency. After reading that, it doesn't seem to fit under that category, so they need to look into that further and try to determine if there is a category that something like this would fit under.

Chair Callahan said he reached out to Congressman Jim Jordan's office and spoke to one of his representatives on the phone today and asked if they thought there might be something that the US Congress might do for cities that have received refugees to see if there would be some support. The representative he spoke to indicated that no changes have been made at the State Dept. and nothing on this matter in Congress at this time. But this is an evolving situation. The governor and other community leaders will have a summit on this topic to discuss it with other city leaders and maybe there can be some kind of a partnership.

Mayor Whitfield thanked everyone for the discussion on this topic. If we want to be a growing city we have to be welcoming to immigrants. We have to make investments in order to do this. In terms of the mechanics of how to fund this, if this is something that council is interested in, the administration can assist in this process. He doesn't think we should try to force it thru ARPA if it doesn't fit there. We can look at other resources to try to make it work.

Mr. Callahan said he was told from Mr. Jordan's office said that organizations, such as Catholic Charities will be stepping up in cities around the country.

Congressman Jordan's office knows that Elyria is serious and they know we're having this discussion and hopefully we'll get more information.

Mr. Lipian thanked his Council colleagues for working together. It's important to have the conversation or nothing will change. Hopefully we can nail down specifics for this bill that we can all find amenable, so as the Mayor said, we can be a welcoming and growing city.

Chair Callahan said this matter will be tabled and will be brought back to the table on March 28<sup>th</sup>.

### **3. The matter of adopting the Qualified Census Tract Business Relocation Program.** Referred By: Asst Director Calvert

Mayor Whitfield said this program initially came from the work that's happening at Midway Mall. They knew as that begins to transform and move away from retail, we needed to have some resources for those businesses to relocate and stay in the City. With guidance they've gotten from the Treasurer, we are able to use that restrictive portion of ARPA to help these business as long as they relocate in what's called a 'Qualified Census Tract'.

Dir Calvert said they are recommending a program to assist small business within the qualified census tracts which are HUD-designated census tracts where 50 percent of the households have incomes below 60 percent of the area median income. Or a poverty rate of 25 or more. These are parts of the City that have experienced disinvestment over a long period of time and being acknowledged as have been disproportionately impacted by the pandemic. The City's recommendation for this program is that it's a Grant-based financing tool that will help businesses that are looking to locate or start up in those qualified census track areas. Elyria has one qualified census track area and it's irregularly shaped. It's roughly bounded by Murray Ridge Road on the west. Bond Street on the north, portions of East Ave and then as far down south to Russia Road. It's a large area.

The eligible costs would include rehabilitation of commercial properties, technical assistance and start-up or expansion costs. They are recommending a dollar for dollar match in funds not to exceed \$100,000 to those eligible businesses. It can be used for relocation expenses, working capital. The process would much like the CARES Act small business grant recipients or the ARPA small business assistance program. We would accept the applications and the Elyria Economic Development would review the applications and approve or deny.

In total they are requesting one million dollars from the ARPA restricted dollars for this program. It is qualified through the final ruling from the US Treasury for ARPA dollars.

Chair Stewart asked how many business are actually in the Mall that we'll be encouraging to relocate?

Mayor said there are less than 15 businesses.

Chair Stewart said until we know what's the definitive out at the Mall he thinks we should just not appropriate those funds at this time. He can agree to the grant, but when we get to the budget portion of it for the finance because we don't know how things are developing.

Mayor said the time-line of what's happening at the Mall is quite aggressive and these business will have to move.

Chair Stewart said that this committee has not had any information about the status of where things are at.

Mayor said that he provided all of the updates on the Mall project during his State-Of-The City address. The next steps that will be coming before us will be for the TIF and if approved then it will move forward. They are moving forward now with doing log splits and preparing the site. In terms of what's been put out there in terms of the plans, businesses are calling the City and saying they're ready to start packing. It's a great opportunity for those businesses to move downtown or into those qualified census track areas.

Chair Stewart said he is waiting for clarity as to what is going on at the mall before they can move forward with appropriating these dollars. The council doesn't know what the terms are or what's been agreed upon.

Mayor said the plan for the mall aside from announcements is to divest from retail and move into health & wellness and light industrial. Knowing that these current retail businesses will need new places to do their business. This program is to assist them with that as well as be a resource to help new businesses.

Mr. Oswald said there's been a lot of different directions with them mall and we're not getting enough information so they can understand the options.

Mayor Whitfield said they have tried to provide as much information as possible and the process has been in play for almost two years. Yes, there are details that have to get worked out, but there has been no change in direction. There are a lot of commitments and plans for this mall redevelopment including projections in terms of investment and projections of jobs.

Mr. Oswald asked who's taken up all the parts and pieces of ownership of the mall. And if we're paying for certain portions, what are the details of how we're paying for it, TIFs or Bonds and if we're doing bonds how are we backing them?

Mayor said what will be coming before this committee will be a request to approve a 4.5 million dollar TIF that will be backed by the City or it will do well enough in the market based on what we have on paper that it will perform. There will be a commitment of investment by the developers of a certain dollar amount that we will all have to agree to. And if they don't make that dollar investment, they have to give us our money back. The ultimate goal is to develop the mall, to incentivize development at the mall. Without this investment, it won't happen. There are many details, we've spent numerous hours with the Finance Department on this.

Mr. Oswald asked why the City is backing those Bonds and taking the risks?

Mayor answered; because we're the one with the dead mall that's been killing our city for over 20 years. We're the one that need a partner like this to come in an develop. We have some experienced developers who are ready and willing to work with the City to get this site developed. We're putting these measures in place, in terms of; here's the dollar amount that we're willing to invest and if they don't make the investment, they pay us back. If everything works out, there's the jobs and investment that is going to make this happen.

Mr. Tollett asked if there is a guesstimate time-line?

Mayor said it's definitely soon.

Mrs. Mitchell asked if we have a formal signed agreement with Cleveland Clinic?

Mayor said the 1<sup>st</sup> step is the City approving a monetized TIF so that the deal can get closed and the site can get controlled for the development. This is the process. The TIF legislation will be brought back to committee and with that will come an agreement that has everything spelled out in it. Again all the parties that are interested are waiting on us to pass the TIF to move forward.

Mrs. Mitchell said she doesn't understand why the City is backing the TIF?

Mayor said they are committing to making a specific dollar investment that we will all agree to or they have to repay us. Here's our investment, you do what you say you're going to do or you give us our money back.

Mr. Cerra said if we do earmark this money for the census track program and it doesn't get used, can it be re-appropriated to be used differently?

Mayor said that's a big part of this. Any of the programs they propose and if the funds aren't used, the money can be used for another program. It's at least putting the money there so that if there is interest it can be used.

Mr. Lipian commended the Mayor for looking into this project. We have to be bold and find some solution to fix it. When we're asking what are the specifics, anyone is welcome to call the Mayor and help develop some specifics and work in collaboration. We have to consider the opportunity costs. What we will lose today, we will be gaining in the future thru a magnet that will bring jobs back to the City.

Mr. Tollett asked if we can put a deadline date that these funds must be used?

Dir Calvert said the guidelines of the program, they did put in; only expenses that are incurred from the date of the contract thru Dec. 30<sup>th</sup> 2023 will be eligible for consideration. That can be adjusted.

Mr. Tollett asked the Finance Dir if he's comfortable with the 4.5 million dollars and how that's written?

Finance Dir Pileski said he's not sure how much he's allowed to say on that issue but he said that he would like to know where the 4.5 million is going. The original discussion was that the City was going to give a company 4.5 million dollars to buy the mall. Now, that's changed. He's not working on a bond because he has no authority to do a bond sale right now. He would have to get the authority from Council to issue bonds, which hasn't happened. There is a lot to be worked out on this deal.

Mr. Schneider asked if these dollars are only for the businesses that are actually inside the mall and not on the outskirts?

Dir Calvert said that it's only for the businesses that are in the mall. And it's for businesses that are currently located withing the QCT Qualified Census Tract as well. If this grant program is approved, expenses like; restoration of the existing building stock would be eligible owners. While it's designed to assist those businesses in the mall who would like to relocate into a qualified area, it's also meant to help those existing businesses.

Mrs. Davis asked if it's specifically that they relocate in Elyria?

Dir Calvert said they must be relocating in the Elyria QCT.

Mrs. Mitchell asked if the Mayor can bring something to this body that they can collectively hear at the same time and they can go from there.

Mayor Whitfield said that there are certain things that he wants to keep from the public record at this time. When they get to the point where they have to approve and sign and all the details and terms will have to be in the document. His office is always open to share any information with everyone on Council.

Mr. Lipian said that part of the job of council is to come up with some of those specifics and mediate those. We have to take the burden ourselves as a council. He asked if we've explored the potential for tax breaks and incentives to create this kind of business.

Mayor said yes, we have looked into tax breaks etc. Right now there are about 60 plus slots for businesses at the mall. The goal is to have around 10 big tenants versus a bunch of small ones. As each of those deals come before us, there might be a certain specific incentive for that specific business.

Chair Stewart said it's important so that it's clear that whatever is in the best interest for the city in regards to this deal. If this development doesn't take off, the City is going to be paying the bond. Even though there's an agreement that says that someone is going to end up having to pay it. He looks forward to more conversations on this.

The Mayor said it's in the best interest of the City to see that mall occupied with jobs and development, it's the front porch to our City. If the developer doesn't follow through on their commitments they have to give us our money back.

Mr. Stewart said that the only way you do a TIF Bond is that you have to have jobs and the jobs have to show what jobs are coming in, that's how you create a TIF.

Mayor said they have shown the real estate investment numbers. He said that he has managed in a way that has included everyone in the process. He's hoping they're not being penalized for being inclusive in terms of how we manage and operate.

Law Dir Deery said one of the things that is going to be on the table here when the issue of the TIF does come before this board. It will be important and a potentially exciting crossroads for the City to be at. There are different types of TIFs and one of the things is, will there be an assessment? What would happen if the worst happens, what if the TIF doesn't perform, who's got to pay that? That's why it's important to be discussed; will the City back the Bond, is the developer going to back the Bond? Those are matters that should be discussed.

Those doomsday scenarios should be discussed because this is very exciting for the City and it's also very scary, but, worst case, if it doesn't work, they'll pay it back, but that's not always the case, it's not always cut and dry.

**COMMUNITY DEVELOPMENT:**

**Mr. Oswald moved, second by Mr. Schneider to authorize an ordinance authorizing the 'said' program and funds will be provided through American Rescue Plan dollars.**

**MOTION CARRIED COMMITTEE REPORT WRITTEN**

**FINANCE:**

**Mr. Tollett moved, second by Mr. Cerra to authorize an ordinance authorizing the 'said' program and funds will be provided through American Rescue Plan dollars.**

**4 - AYES, 1 - NAY (Stewart)**

**MOTION CARRIED COMMITTEE REPORT WRITTEN**

**Mr. Schneider moved and second by Mr. Oswald to adjourn this evening's Community Development portion of the Meeting at 7:00 P.M.**

**MOTION CARRIED**

***[The evening's meetings continued with the Finance Committee Meeting].***

*Respectfully submitted by,*

*Colleen M. Rosado,  
Council Clerk Secretary/Administrative Assistant*

*CMR/*