



Bexley Community Improvement Corporation

August 3, 2015

6:00 p.m., Bexley City Hall

Minutes

1. **Roll Call Members** - Tom Brigdon Chair, Bill Dorman, Todd Friedman, Mayor Kessler, Steve Keyes, Rachel Kleit, Heidi McCabe, Andy Madison, Tim Madison, Jed Morison, Emily Turner, Jeff Walker.
2. **Others Present** – Don and Connie Lewis, Debbie Maynard, and invited guest, John Rosenberger.
3. **Approval of Minutes from June, 2015** – Motion made by Mr. Keyes and seconded by Mr. Morison. Vote - **Approved**
4. **Livingston Avenue Update**
 - a. John Rosenberger, Franklin County CIC & Ohio Land Bank, Q&A re: similar modes of redevelopment.
 - i. Mr. Rosenberger was introduced by Mayor Kessler. Mr. Rosenberger discussed Community Improvement Corporations and some of his past history in dealing with projects. He said he worked with the Gahanna landfill project which is now a golf course. Gahanna’s situation included industrial waste which resulted in a grant from the EPA. The City of Gahanna has the liability of maintaining the property for 30 years. He said the first level of ground is considered the clay cap. Below the clay cap they are moderating leeching systems. He emphasized there is a lot of liability to agreeing to maintain the property.

Mr. Rosenberger stated from the environmental aspect, ideally the purchaser wants to be considered an “innocent” informed purchaser. He said the Phase I study recognizes the environmental hazards. In addition to ensuring a stable foundation for development, there is a safety concern for individuals using the property. If a purchaser pays cash, there is no due diligence required. If a loan is involved, the purchaser is usually required to sign off on an Affidavit from the lender stated “to the best of their knowledge”. It is important to recognize these requirements in the event that you want to sell them someday.

The Phase II study includes more drilling, sealed samples and more testing than required in the Phase I portion. There is an advantage that it is near a public street. You also have the advantage of not being currently in contract to purchase a particular piece of property. An issue to consider is the support foundations or slab. This is important if you are considering building a large building on the property. Mr. Rosenberger asked the members why they would want to take on this project. Mr. Brigdon said they want to clean up the area, reduce police runs along with the environmental concerns. Mayor Kessler said there is visual evidence of structural issues with uneven floors and foundation cracks. There are soil problems resulting in infrastructure issues. The land fill is 8 to 12 feet below the soil. The goal is to be able to improve the area, even by perhaps offering incentives to the private developers. Mr. Rosenberger said he would recommend that Mayor Kessler contact Geo Tech Consultants, Inc. to assist with the Phase II study.

Mr. Rosenberger discussed “hold outs” from owners who attempt to get higher prices. He said if they are the end of the property, it is less of an issue. He said it is something the City may have to confront. Mr. Walker said the difference may be between true assemblage and the goal to improve the area. A hold out would not be much of an issue at that point if the area has improved. Mr. Rosenberger said it is very difficult to try to control the “quality” of tenants. It is very difficult to seek good tenants to reside in an area known for poor tenants.

Mr. Rosenberger discussed the history of CICs and said they were created initially due to the prohibition of a City lending funds. The second reason was to prevent property auctions with no control of future development by the City. The third reason was due to control of traffic and residential property. The main goal of a CIC is to promote industrial and commercial property development of the City.

Discussion of controls of developing residential areas is needed by the CIC. Mr. Rosenberger recommended this project be looked into thoroughly from a legal point of view because it might make an impact down the road on their development decisions. He discussed housing strategies and past legal opinions by the Attorney General’s office. Legal advice and research is highly recommended prior to any purchases.

Ms. Turner asked what the Bexley CIC should do in terms of a plan. She asked if not having a set development plan is favorable or unfavorable. Mr. Rosenberger said if there is a long term plan, it would be easier to defend politically. He said the Bexley community is unique in that the residents are able to understand there is no set plan; however plans can be changed and revised along with the market. He said sometimes a bad plan is better than no plan. Mr. Keyes emphasized the plan is to work on the blight in the City.



Mr. Andy Madison asked how the County land bank functioned. Mr. Rosenberger said a slice of the funds from the interest and back payments from individual tax collections was provided to the County land bank. Franklin County serves as second chair to the City CIC and they have a strong, working relationship. Franklin County CIC also received funds from the Ohio State Treasury Department. Mayor Kessler said Franklin County paid for the CiBon demolition. Mr. Rosenberger said he was glad to hear they were able to provide a service for Bexley.

Ms. Turner asked if the Franklin County CIC holds properties. Mr. Rosenberger said technically they are allowed to do so, but they do not have enough funds to acquire properties and hold them. We usually demo the buildings because dealing with the blight is first priority. He said all holdings are in anticipation of conveyance. We do not demo the buildings until the township as a planned use for the property. The expense to pay for mowing, etc. to hold property would not be feasible.

Mayor Kessler asked Mr. Rosenberger about local funding options. He replied that if a City wanted to invoke a building code violation, the penalty could then be accessed to all owners of the units and they could be forced to share the cost of demolition. Mr. Rosenberger said one advantage the Franklin County CIC has is the ability to erase all back taxes owed for the owners. Mayor Kessler asked if the Bexley CIC could partner with the Franklin County CIC on this possible acquisition. Mr. Rosenberger said they would not be able to partner on the acquisition but they certainly could offer exemptions for the Bexley CIC to use. He said the Bexley CIC would have to become tax exempt. Franklin County will clear all back taxes or property taxes involved.

Mayor Kessler said the City already owns 3 acres adjacent to this property, so the City is already involved. The total is 8 acres. Mr. Rosenberger said if the property is a problem, it might be more cost efficient to demo the building. The statutes limit the Franklin County CIC to a maximum of 50 occupied units. We would not want to reduce that number or have the liability of multiple residential units. We are a real estate minded CIC.

Mr. Brigdon asked if the CIC found out there is in fact an environmental issue, how long would the City as an owner have to clean it up. Mr. Rosenberger said he was unable to answer that particular question. He suggested we contact Joe Reidy, Attorney who could help with the Phase II portion and he would know if there are any funds available to assist. If the results from the Phase II come back with a not so bad rating, the answer would be no. Jobs Ohio has also set a new higher bar to meet as well.



Ms. Turner said the group needs to determine what they are going to do with the property? She asked if they want to stabilize the area, what works? Should we buy a couple of units to include the City's presence? Mr. Rosenberg said there is not a clear cut answer to that question but he thinks in order to make a large impact, you want to do as much as possible toward meeting that goal. You can't buy all of the property without spending a lot of funds. He referred to the economic tipping point. Dr. Kleit stated for the record, Section 8 properties are maintained at a higher standard. Mr. Rosenberg explained that it does affect the market rate for the neighboring properties. Dr. Kleit said it does affect the market rate but only by 40%. Mr. Rosenberg said he feels strongly the market determines the end result. The market will determine what your final plans will be on this project.

Mayor Kessler asked if it takes 10 years to have meaningful control, what would that plan look like. Mr. Rosenberg said that would be an assemblage. The market would determine the use. He said it is up to the CIC to decide what different uses they would want to consider. Mr. Keyes said the goal is to create enough of an assemblage (or tipping point) as needed to be able to get private developers interested. Mr. Harvey said the assemblage will be done slowly. Mr. Rosenberg said it could take up to 20 years to make a difference taking a slower approach. Mayor Kessler said if someone would have started this initiative 20 years ago, we would be discussing completely different options.

Mr. Friedman asked if the CIC would be required by law to provide a greater duty to the tenants than what is required by law. Mr. Rosenberger answered no not legally. Politically perhaps it does require a higher standard since the CIC is basically "sleeping" with the City.

- b. Subcommittee update and review of "Livingston Avenue Stabilization Proposal" – Heidi McCabe:
 - i. Ms. McCabe said her three member sub-committee took the input from the last meeting and updated the proposal. This would explain the why, how, goals or risk. Mr. Dorman said a few components the City has already started include adding street lights, creating soccer fields and walking/bike paths (all of which allow better access to the City of Bexley). The sub-committee did agree that a plan was needed and it would be a good first step. Environmental issues as well would need to be considered.
- c. Review of pending assemblage ordinance 21-15 and the corresponding proposed change to the City/CIC economic agreement:
 - i. Mayor Kessler said everyone has a lot of different view points on this subject. He said the sub-committee provided a good synopsis. Mr. Rosenberger suggested adding the wording, "in harmony with economic development and the CIC" to the plan.

Mayor Kessler suggested the CIC approve the Economic Development Agreement, pending testing and future administration. Mr. Dorman said the City's current portion is in the center of the project. Sometimes homeowners don't want to know if there are problems in order to maintain their "not to my knowledge status". Mayor Kessler said he is confident that core samples from the City owned property and the right-of-way would be exactly the same as those obtained directly from the tenants' individual yards. Mr. Dorman agreed since the City owned property is located in the "heart" of the 8 acres.

Mr. Tim Madison said he is 100% in favor of this project but thinks the CIC is limiting them and placing a burden on the City versus using incentivizing owners to help improve the property. He thinks we are missing the "end game". Mayor Kessler said it would result in incentivizing a critical mass of owners to hand over to developers. Mr. Walker said the goal is to acquire property over a ten (10) year period until a critical mass or tipping point. Our motivation as a City is to improve the area, not maximize revenue. Mr. Andy Madison said it will definitely improve the area. He said a good example is the Children's Hospital area and the difference the development has made in the neighborhood. Ms. Turner asked if the CIC was anticipating a lower density. Mr. Madison said he thought the goal should be one or the other. It needs to be either assemblage with the goal to turn it over in 10 years, or to lower crime and improve the neighborhood. Ms. Turner said she didn't understand why the CIC would not reduce the risk by simply taking down the buildings. Mayor Kessler said he would not want to demo all the buildings. If you take Ms. McCabe's long term goals and eliminate section "b", he thinks everyone would be on the same page.

Mr. Harvey said the goal is to improve the property short term and improve the area and then in ___ years hopefully develop an interest with someone interested in building a medical building, assisted living facility, etc. Mr. Keyes said the future project would have to be subject to legal and environmental regulations as well. Mr. Dorman said you don't know what the end use will be based on the market and the CIC should not tie their hands down. Mayor Kessler said this approval would open the door to acquisition and sets parameters for tenants, higher standards and to be handled by a third-party management company. If we approved, we could continue to hone Heidi's proposal. Mr. Keyes said we need to approve this for presentation to City Council and he applauds the Mayor for this initiative and thinks the CIC should vote in favor. Mr. Harvey added at some point we will need to discuss what the CIC would want to set as tenant standards but that can be accomplished at a later time.

- d. Proposed motion: To endorse and adopt the proposed amendments to the City/CIC economic agreement which are attached to proposed Ordinance 21-15 as Exhibit A.
 - i. Motion made by Mr. Harvey, seconded by Mr. Keyes – All in Favor - **Passed**

5. Bexley Square Update

- a. Paint and awning update – Tom Brigdon



Discussion was held regarding the option of painting the brick. Mr. Dorman said they did attempt to power wash a section of the brick and it did not make as much of a difference as hoped. He said from a maintenance stand point, it would be more effective to paint the brick. Mr. Brigdon also agreed that the brick needed to be painted in order to provide a new look to the center. He said this could be added for a total of \$19,000 which would include the column and exterior. Mayor Kessler, Heidi McCabe and the designer will select the specific color.

Motion to authorize the expenditure and appoint a subcommittee of Heidi McCabe, Mayor Kessler, and GRA+D Design for the selection of paint and awning colors made by Rachel Kleit, seconded by Mr. Morison- All in favor - **Passed**

- b. Line of credit analysis –
 - i. Line of credit can be available to authorize Tenant Improvement costs, once the transfer is affected from the City to the CIC.

6. Giant Eagle Update

- a. Timing update and ground rent status – Ben Kessler
 - i. Mayor Kessler said the second ground rent check had been received.
- b. Motion to automatically transfer ground rent payment from the CIC to the City of Bexley
 - i. A motion to automatically transfer ground rent payments on the old City Hall site from the CIC to the City of Bexley was made by Mayor Kessler and seconded by Mr. Brigdon - All in favor - **Passed**

7. Treasurer’s Report –Rachel Kleit

- a. Account balances
 - i. CIC Operating Account: \$ 73,153.00
Bexley Square Operating Account: \$ 9,660. (*Does not include second ground rental check just received)

8. Old Business: None

9. New Business: None

10. Closed Session to discuss negotiations

- a. Adjourn into closed session – Motion made by Mr. Harvey, seconded by Mr. Walker.

11. Adjourned

- a. Meeting was adjourned to closed session at 7:48 p.m.

12. Adjourned

- a. Meeting adjourned

