LANCASTER CITY COUNCIL
LANCASTER, OHIO
REGULAR MEETING
June 10, 2019

PRAYER

CALL TO ORDER

President UhI called the meeting to order at approximately 6:45 p.m., in Council’s Chambers.

PLEDGE OF ALLEGIANCE

President UhI led Council in the Pledge of Allegiance.

ROLL CALL

The following members of Council were present:

Mrs. Bobbitt, Mrs. Downour; Mr. Groff, Mr. Hall, Mr. McDaniel, Mr. Schoonover, Mr. Stoughton, and Mrs. Tener, and Mr. Woodgeard.

President UhI asked that the record reflect that all nine members are in attendance tonight.

READING AND DISPOSING OF THE JOURNAL

The Clerk presented the Regular Meeting Minutes dated May 20, 2019.

Mr. Schoonover made a motion to receive and file the Journal, seconded by Mr. Groff. After no discussion, the motion carried.

REPORTS OF CITY OFFICIALS

1. Email, dated May 21, 2019, regarding CRA Board. Submitted by Mrs. Bobbitt.
2. Email, dated May 23, 2019, regarding Cupcake Warriors from West After School Program. Submitted by Mrs. Tener.
3. Email, dated May 30, 2019, regarding School Board’s Support of CRA. Submitted by President UhI.
4. Email, dated May 31, 2019, regarding School Board’s Support of CRA. Submitted by Mr. Stoughton.
5. Email, dated June 7, 2019, regarding Cancellation of Law Committee Meeting. Submitted by Mr. Groff.

Mr. Schoonover made a motion to receive and file the Reports of City Officials, seconded by Mr. Groff. The motion carried.
COMMUNICATIONS

There were no Communications before Council this evening.

SPECIAL PRESENTATION (Awards)

President Uhl announced that tonight we welcome the Financial Advisory Committee, appointed by the Mayor, who will be speaking to Council on their findings. President Uhl then turned the floor over to Mayor Scheffler.

Mayor Scheffler gave a little background behind the group and how they were picked to serve on this committee. He approached Ken Culver and Jerry Stebelton approximately six months ago with future concerns of City finances and was interested in gaining an independent look at it. Mayor Scheffler asked them to head up a committee to look it. Ken and Jerry went on to invite Linda Sheridan, Bob Slagle, and Jim Bahnsen to join their committee. Their committee has spent hundreds of hours working, interview, and projecting over that period of time. Mayor Scheffler expressed his gratitude for all the time that this committee has put in. The committee will make a short presentation on their findings.

Ken Culver read from their prepared four-page Financial Advisory Committee Executive Summary. He spoke in regards to the overview and purpose, committee members and their backgrounds, City resources personnel they spoke with to complete their report, methodology behind the report, expense assumptions, revenue assumptions, and seven different scenarios the City have as options to help with future City finances. (A copy of the entire summary is attached to the end of these minutes)

President Uhl thanked Mr. Culver for the report of the committee and asked if there were any questions.

Mrs. Bobbitt commented on the City having time to pass a levy and there might be the possibility that it go before voters more than once, to get it passed.

Ken Culver stated that that is true, but it needs to be made clear that there is enough money to make it through another year. Council knowing this may want to get started sooner than later, in case one would fail.

President Uhl asked if there were other questions.

Mr. Woodgeard stated he does not expect an answer tonight, but asked if the committee would have one of the scenarios that they would be recommending?

Ken Culver answered that he would delay his answer to that until after Mr. Stebelton has had an opportunity to address Council.

President Uhl asked if there were other questions.

Jerry Stebelton stated that he cannot stress enough how much time that the committee spent to come up with this summary. The amount of information and individuals they met with has been a long and lengthy task. They want Council to understand things they did, didn’t do, and will not do. Jerry also read from the prepared four-page Financial Advisory Committee Executive Summary. Jerry covered how things were calculated, fluctuations, future economic growth, revenue and expenses, the Parks Department levy. He recommends this information be shared with all and used toward the City’s 10 Year Strategic Plan. It is his suggestion as the City moves forward, to have their ducks in a row and be
able to answer any questions. The numbers show that clearly if nothing is done, in the very near term, the City may be facing some very difficult decisions about the finances of the City and the staff. (A copy of the entire Summary is attached to the end of these minutes).

President Uhl asked if there were other questions.

Mr. Stoughton thanked the committee and stated that Council appreciates taking all their time to put the summary together. There is a lot of information and a lot to digest.

President Uhl asked if there were other questions before the floor is turned over to Mayor Scheffler.

Mrs. Downour asked, does the City have a 10 Year Strategic Plan?

Mayor Scheffler answered, no, we do not, and hopefully this is the beginning

President Uhl asked if there were further questions or comments?

Mayor Scheffler thanked the committee for all their hard work. They received outstanding cooperation from all the City staff and employees that they had the pleasure of working with. The committee was also impressed with how frugal the City has been in the last number of years. Over ten years ago, the City of Lancaster lost a large portion of the Local Government Funds and had to layoff of a number of firefighters and police officer. The administration met with the committee last week along with Mr. Stoughton and Mr. McDaniel. The summary that they prepared will be used during discussions and plans and where we go from here.

President Uhl stated as we wrap of the beginning of these discussions up thanked the committee for their considerable amount of time to prepare this document and on behalf of the City of Lancaster we appreciate the committee getting the City started with this document. President Uhl stated he believes it is possible, as we move forward, we may call upon the committee to further help as we move forward. A copy of the Financial Advisory Committee Executive Summary is attached to the end of these minutes.

PETITIONS & MEMORIALS

There were no Petitions or Memorials before Council this evening.

PERMISSION OF VOTERS AND TAXPAYERS TO ADDRESS COUNCIL

Diane Wogan Burnside, 1688 Quail Meadows Drive. Ms. Burnside addressed Council this evening in regards to her opposition of Temporary Resolution 66-19.

Amanda Everitt, 201 S. High Street. Ms. Everitt addressed Council this evening in regards to her support of Temporary Resolution 66-19.

STANDING COMMITTEE REPORTS

1. Finance Committee Meeting minutes for June 10, 2019, submitted by Mr. Stoughton.
2. IT/Telecom Committee Meeting minutes for April 18, 2019, submitted by Mrs. Downour.
3. Economic Development Committee Meeting minutes for May 9, 2019, submitted by Mr. McDaniel.
4. Law Committee Meeting minutes for April 10, 2019, submitted by Mr. Groff.

Mr. Schoonover made a motion to receive and file the Reports of Standing Committees, seconded by Mr. Groff. The motion carried.

REPORTS OF SPECIAL COMMITTEES

There were no Reports of Special Committees presented to Council this evening.

PUBLIC HEARING

There were no Public Hearings scheduled before Council this evening.

READING OF RESOLUTIONS

Resolution Temporary 66-19 – Third Reading – Permanent Resolution 71-19
A RESOLUTION ESTABLISHING THE COMMUNITY REINVESTMENT AREA 3 AND AUTHORIZING REAL PROPERTY TAX EXEMPTIONS UP TO 100% FOR UP TO 15 YEARS ON THE CONSTRUCTION OF NEW RESIDENTIAL UNITS AS ESTABLISHED BY SECTIONS 3735.65 THROUGH 3735.70 OF THE OHIO REVISED CODE

Mr. McDaniel made a motion to pass, engross, and enter upon the written record Temporary Resolution 66-19, seconded by Mrs. Downour.

Mr. McDaniel stated that he knows many of the Council members have questions and opinions on this piece of legislation and expects to have a robust discussion on this.

President Uhl thanked Mr. McDaniel and stated that this will not be counted as his one opportunity to address this before anyone else has, in case he wishes to hope in. President Uhl opened the floor for discussion and debate.

Mr. Groff stated he wanted to give a little background on this issue. The Community Reinvestment Area is defined as a program benefiting property owners who renovate existing or construct new buildings. The program was set up to permit municipalities or counties to designate areas where investment has been discouraged. The Ohio Development Services Agency (ODSA) is supposed to confirm that the locally designated CRA area contains the characteristics required by Ohio law for a CRA. After the ODSA confirms the area, real property exemptions for qualifying projects may be approved by the city. The city must undertake a Housing Survey of the structures within the area proposed as a CRA (while a short summary accompanies this legislation, did our median household income actually increase by 12,700 in the past 2 years as shown by this survey – he asked, doesn’t this show a good economy today? The housing survey provided states its purpose is to encourage development of housing alternatives compatible with demographic trends – specifically stated as over 65 and under 35 age group. Also, specifically, the survey states for multi-family, mixed-use, mixed-age, mixed-income, and walkable (said to not currently be available in this area – yet the study shows 534 vacant units & also requests walkable, he went on to say, if you look at the map provided – will people walk to downtown from areas as far as Cedar Avenue, West Fair and River Valley Blvd. – or from South Ewing Street or even East School? He states that he has heard the complaints over the past
years in regards to parking and how people do not want to walk a block. He asked, so, why so spread out? Councilman Stoughton’s email to council dated May 31st says he intends to support the CRA due to “a clear need for rental units for the lower income segment of our population.” Mr. Groff asked, did I miss something? The survey did not state low-income housing, but for general residential never received, but general residential construction of mixed age and mixed income. Mr. Stoughton goes on to say in his email, “Aside from being concerned about ‘which developer’ gets the tax credits.” – note the CRA does not mention that this is for a specific developer – though a specific property was mentioned by the city administration, and as he was told, this same property (East School) was perhaps the only one mentioned to the board of education as opposed to the full scope of this CRA. Mr. Groff states that he do believe that it would be illegal to limit this CRA legislation to a single developer or even to a single qualifying property within the defined area of this CRA – thus, without bias, the exposure could include a multitude of properties, as it has been stated, there are more than 5,000 parcels within the defined area. Mr. Groff goes on to say, also, the results of the survey must support the finding that the area is one in which housing facilities are located and that new construction and renovation is discouraged. Mr. Groff stated that he is not sure where he saw the results on this. The local legislation creating the CRA must contain a statement of finding that the area included in the description is one in which “housing facilities or structures of historical significance are located and new housing construction and repair of existing facilities or structures are discouraged.” Since downtown is the primary area of the CRA, which contains housing facilities and/or structures of historical significance, how can anyone state that new housing and repair of existing facilities have been discouraged? The mayor’s survey states, "There have been ‘no’ new general residential construction projects in the proposed CRA area in the past ten years. Also, "there has been ‘no’ incentive for reinvestment or new investment in the areas current housing stock." This same area has had over 50 Million dollars of development in the past seven years. The (multimillion dollar) restoration of the Mithoff (containing new housing); the Million dollar+ restoration and development of Ale House; the current renovation planned at Four Reasons Deli (which includes housing); the extensive renovation of the historic Bodenheimer-Mayer House in downtown (which includes housing); the renovation of the Event Center (Old Mill) on South Broad St. (within this CRA) also includes housing; The Risch building on East Main Street (which included housing), the former Shaw’s (downtown hotel) currently being renovated into housing, and the expenditure of almost $3 Million dollars by the city for the demolition and environmental cleanup of the Lancaster Glass Site (Gateway Site)

President Uhl asked Mr. Groff to yield the floor pursuant to the Rules of Council, each Council member has the opportunity to speak for five minutes on any one particular issue.

Mr. Groff stated, Mr. President.

President Uhl stated, Mr. Groff you will yield the floor, and he would like to challenge...

Mr. Groff stated, Mr. President.

President Uhl stated again if Mr. Groff would like to challenge the chair....

Mr. Groff stated pointe of order.
President Uhl stated to Mr. Groff that he would do so unsuccessfully.

Mr. Groff stated pointe of order, Council does not have a rule of five minutes, that is for the general public.

President Uhl stated he would refer Mr. Groff to.....

Mr. Groff stated that is when you go to Roberts Rules of Order, page 46, states ten minutes.

President Uhl stated Mr. Groff to refer Chapter 111.10 of the Rules of Council specifically state “that members of Council may only speak once particular item until everyone has had an opportunity to do so, and may then only speak for five minutes without yielding the floor.” As a member of this Council, President Uhl stated it is Mr. Groff’s responsibility to know these rules in 111.10. President Uhl stated Mr. Groff will yield the floor and will have a second opportunity to address this once everyone else has had the opportunity to do so this evening for five minutes.

President Uhl asked if there was anyone else that would like to address this particular issue this evening.

Mr. Hall stated that he supports the principles of improving the housing stock in our community. He stated it does appear to him that there are significant numbers of members of the community and board that have voiced some concerns around transparency. Mr. Hall stated that he is wondering after some conversations about this particular issue with members of the administration if there has been any movement around establishing criteria in developing a committee to oversee this project, so the City can assure the citizens of our community that this is an open and transparent process that Council is engaging in.

President Uhl asked Mayor Scheffler if he would like to speak toward that question.

Mayor Scheffler answered there is a Housing Council that is will be appointed. City Council will appoint two, the Mayor will appoint two, the Planning Commission has one, and then those five members will appoint two additional members for a total of seven.

President Uhl stated that that Council, if he remembers correctly, will address if there is an appeal.

Mayor Scheffler answered, that is correct. If one is filed by the property or by the City, or anyone else. They are also responsible for filing an annual report to the Development Services Agency. They are also supposed to review, every year the abatements that have been issued and criteria for new abatements are being made.

President Uhl thanked Mayor Scheffler for that clarification. President Uhl asked if there were others that would like to address this issue this evening? President Uhl stated to Mr. Hall that we could come back to him, once others have had the opportunity to speak.

Mr. Schoonover stated that he has struggled with this resolution this entire time. He has made phone calls, done some research, reviewed what the Mayor has sent out, and items other members of Council has sent out, had discussions with the public, and talked to the school district. Mr. Schoonover stated, for him, as Mr. Hall brought up, the transparency thing, feels like it is an issue. Mr. Schoonover stated, him personally, there is only a limited number of developers that can do these projects, and whether those are the ones in town or from out of town. Mr. Schoonover stated it is not like he could pool his
money together with two people sitting around the table and say “we are going to build ten units” but at the same time in the bigger scheme of things, the City does need some more market ready housing. The south side has been discussed specifically, in one of these census tracts, it needs some help. Mr. Schoonover stated that he thinks new construction would be fantastic. Looking at the areas that have been built up over the last few years, such as Ety Road and River Valley Highlands as an example, there is a lot of stuff that has gone on over there and a benefit to it. If you look at projects, that just the City does, whether it is upgrading the stormwater or sewage project, it is in those more recently developed areas. If we can bring in new construction, not focusing on downtown, because everyone is focusing on downtown, but rather the south side who is in need, he lives in the neighborhood and if you approach the railroad tracks, it seems like you are in a different community. Mr. Schoonover stated that he does struggle with the transparency. The Housing Council part of this, the decision is already made by the time that they would ever get involved. Mr. Schoonover stated that he does not like the lack of control with this piece. It is really up to the Mayor on how the 100%, 15 year abatement works and he thinks this is going to be a struggle for people knowing this same small group of people in the community get whatever they want and that is what Mr. Schoonover stated he has heard the most. Looking at the bigger picture, what is greater the risk or the reward? When you talk to the schools, some people way that the schools are going to lose out on this. Speaking of the schools, they are looking at the bigger picture, you have the potential to lose real estate tax, but at the same time you are bringing in more people, and the school is looking at the income tax benefits from it. The school gets money from both income tax and property taxes. The school is looking at a small loss in property tax to gain more on income tax. The argument that is going to hurt the schools, Mr. Schoonover stated that he thinks is a moot point, if you talk to the right people. Mr. Schoonover stated he comes back again, and struggles with it, because he gets it and sees the bigger picture but feels that the transparency or perception of some of this is causing the problem.

President Uhl asked if there was anyone else that would like to address this.

Mrs. Bobbitt stated that ever since this was introduced, she has spoken with individuals and expressed that her vote will be a yes vote. Mrs. Bobbitt believes this encourages growth for the City. There are several places within the City that have blighted homes. If we might have one developer that would come to our City, and tear down four or five of these blighted homes, then we have made our City look better. By doing this, it will help our own property values. She plans to vote yes all the way.

President Uhl asked if there was anyone else that would like to address this.

Mrs. Downour stated that she echo’s what Mr. Schoonover stated, this affects more than just the downtown, it affects the south/south east areas of Lancaster. Mrs. Downour states that she does not have a personal stake in this, as Ms. Burnside stated. Mrs. Downour stated that she does not own any rental properties, in this area. Mrs. Downour also stated that she lives in the area of Mr. Schoonover and grew up in that area and went on to say that this area needs encouraged development. Mrs. Downour stated that she will be voting yes for this resolution.

President Uhl asked if there was anyone else that would like to address this.

Mrs. Tener stated that she has not struggled with this that much. She stated that she has read the legislation and spoken to individuals. In her opinion, if someone has the money to build
three or more units, they already have money, they are going to be making money, and who is to say these people living in these apartments are going to be working. What if it is affordable housing or low income housing, they are not going to be working. She stated that she pays her property tax along with others, and the money goes toward streets and she stated that she will be voting no, because whoever is going to be doing anything like this needs to pay the taxes on the property.

Mr. Woodgeard stated that he would echo both Mr. Hall and Mr. Schoonover concerning the transparency and the process in which someone can gain 100% tax relief over 15 year period bothers him tremendously. Mr. Woodgeard stated that he too has struggled with this over the last couple of weeks.

Mr. McDaniel stated that he does understand a lot of the concerns expressed here. It is his belief that there are safeguards in the legislation as far as, we have a Mayor who is elected by the people that is actually going to be a decision maker in this process and there are checks and balances on that and happen every four years. If someone felt there was a misuse of authority or power, that can certainly be addressed, but also we have to have faith that people that are running our City, we are part of that, are doing the right thing for the right reason. Mr. McDaniel stated that he thinks the right reason is looking at opportunities to make this City a better place to live. Giving a tax break to someone who is going to invest a large amount of money to build multi-family housing units, they just don’t do it on a routine basis. There has to be a market for it, has to appeal to the investor, and there has to be sometimes a payback “what do I get out of my investment?” “how long is that investment going to award for spending that money.” Mr. McDaniel stated that he has lived in this city his entire life and is very familiar with all areas of the city, he stated there is a desperate need for new construction. As Amanda Everitt mentioned, in downtown a huge amount of investment has gone into the downtown area and we enjoy the benefits of that as citizens of Lancaster. But as she said, and he knows from walking around and talking to people all of the downtown apartments are filled. Yes, they are building more in the upstairs of Shaw’s, but he thinks that they will be filled pretty quickly as well.

Mr. Stoughton stated that he doesn’t struggle with this at all. If we could take the concern that we were going to have this mad rush for people to come in and build these multi-family units in all of these areas, and a bunch of people are going to get 15 years of exemptions on the new portion build, not the property itself, they are still going to pay on the property, the exception is for the improvement only. Mr. Stoughton stated that Mr. Schoonover stated that the school board took the long look at this and it is no different than what the school board did with Ety Road development, which was all commercial, and they had zero concern about the ten year TIF that exempted some of their property taxes as well. Mr. Stoughton stated that our City hasn’t looked any better than it has right now and we have people that want to come here and invest in this City, and if this turns into an opportunity to create new housing and as he showed to Mr. Groff the need for low income housing. They would get an opportunity to live in better housing, and that is not a bad thing.

President Uhl stated that we would be returning to Mr. Groff in a moment, but before we do, President Uhl stated that it is his job to enforce the rules, and he stated that Mr. Groff was not signaled out this evening, in fact he allowed a courtesy to go past the five minutes, and when it became clear that Mr. Groff was going to wrap up, it was time to yield the floor to be fair to everyone and give everyone the opportunity to speak. President Uhl stated we will now, and President Uhl stated that he clocked every comment tonight. With that President Uhl returned the floor to Mr. Groff.

Mr. Groff stated from the comments that have been made as far as the tax abatements it is for where development has been discouraged. We are talking about areas where developer has been encouraged. When you look at low income there are other means of tax breaks or grants available for that. The CRA
program is a permanent tax incentive program that does not have a sunset provision according to the ORC local legislative authorities may wish to include an annual review or renewal clause to ensure the program is meeting expectations, but this legislation does not include that, Mr. Groff would recommend that this be included in this legislation. The local legislative authority must designate a housing officer, and asked if this has been done? Mr. Groff stated no, Council has been told who that is, but this Council has not designated a housing officer, as per the Ohio Revised Code. Mr. Groff stated to note that if a CRA Agreement is proposed which provides an exemption greater than 50%, “the local legislative authority must request the board of education’s approval a minimum of 45 business days prior to the scheduled local legislative review.” In Mr. Groff’s opinion, this time frame was not met at all. The board of education, “by resolution adopted by a majority of the board, shall approve or disapprove the agreement and certify a copy of the resolution to the legislative authority not later than 14 days before the legislative authority formally considers the agreement. Mr. Groff does not believe that full transparency was given by the board and he does not believe that that procedure was properly followed, and he doesn’t believe that they really don’t know what they were voting on, per conversation that Mr. Groff has had, so he would question that also. Mr. Groff asked, who insists that this be done now, after almost 10 years of sitting on the City’s shelf, why is the City’s Economic Development Director not utilize the CRA over the past several years when the economy was down, not while it is booming like it is now. Why the rush forward using census numbers from 10 years ago, does this really represent the position and status of the City today, moreover is this fair to the taxpayers who will have to make up these tax dollars to repair our streets and our schools. Mr. Groff asked isn’t the economy improving from what we saw five years ago and hasn’t the administration touted the success of our downtown revitalization and the growth of our City. This resolution is not needed to have some of the growth that is being discussed. One of the properties primarily discussed has already been purchased and plans already submitted and now we are going to say, let’s give them a tax break on it after the fact. Mr. Groff stated that he cannot support this at this time, and believes this will be a negative impact on our citizens, our schools, funds for our city streets, city parks, and other important local services.

President Uhl asked if there was anyone else that would like to address this this evening?

Mr. Woodgeard stated again that in regards to the Council control and the transparency, if you look at Section 7, which basically states Council reserves the right to reevaluate this after December 31, 2029. Mr. Woodgeard states that he doesn’t feel that there is any way near effective for Council to have any ability to take this resolution and revise it, or to disapprove of it, if it is not acting in the what Council feels is the best interest of the City. Giving a 10 year, before Council can revise anything or change it seems to him as unrealistic.

Mr. Hall stated that he really wants to support this motion because he agrees broadly with the principles and the notion of concept, but getting back to the issues of transparency, in terms of how City government operates, it seems to Mr. Hall that it would be helpful if the City could develop or have the opportunity to review a criteria that we used to evaluate CRA applications, both from the standpoint of approving them and determining what rate they will be approved at. Also, he stated that if there could be some sort of potential statement to look at issues around unintended consequences around potential harm of CRA, so that again there is a more formalized process in which CRA applications are reviewed and approved. It seems to Mr. Hall that that would be a prudent measure on the City’s part as we develop a process to move forward with some sort of CRA process.
President Uhl asked Mayor Scheffler if he would like to respond to Mr. Hall’s?

Mayor Scheffler would like to hear all of the objection before speaking.

Mr. Schoonover said to add to what Mr. Hall said, economic development is huge, and it all anyone talks about, jobs and bringing jobs. If you bring jobs you need to bring housing, which he stated would be in support of this resolution. At the same time, when Council sits in executive session or around the council table and discuss a big company coming to town, Council is more than willing to job and give tax credits or tax abatements to people creating jobs. He stated that we are in that process before that decision is made, we are currently on the outside looking in on this scenario. Mr. Schoonover explained that is why he is struggling with this. He stated that he wants to encourage that and thinks that the jobs, but as Mr. Woodgeard stated the 10 years and the after the fact involvement is his struggle.

President Uhl asked if there were further comments?

Mayor Scheffler stated that he will start out with the big picture, and his objective as Mayor is to make this City a place that, our young pole especially and others would like to move to instead of away from, and he believes that is what he is trying to accomplish in all of this effort. He stated that he related at the last meeting that this all started with an effort by Wagenbrenner to evoke some incentive so they could move the gateway site at Main and Memorial. Mayor Scheffler directed his statement toward Mr. Groff, that the City couldn’t do another CRA because of the City’s pre 1994 CRA, and Wagenbrenner volunteered to pay the legal fees to do the research to see if that is true. The City found out that that was not true, and that the City could implement an overlay CRA, which would allow multi-family housing to be incentivized for development. The current CRA already covers industrial, commercial, and improvements to existing housing. So, this wasn’t needed in this case. As part of the application, for a CRA, because not only does this body have to approve it, it also has to be approved the State Development Services Agency. They require the housing survey and that this is adequate for what they require. Mayor Scheffler stated that he started looking at statistics around and he states that he was pretty amazed and appalled at what he found and it seems immediately obvious that just limiting it to the central business district didn’t make a lot of sense. Mayor Scheffler stated to he would point out some facts, Census Tract 317, 34.7% of families live below the Federal poverty level, most of which is in Ms. Tener’s area; Census Tract 322, which is the east side and the south, 38% of families live below the Federal poverty level; Census Tract 320, which is basically the central business district and on further north 27 1/2% of families live below the Federal poverty level. Mayor Scheffler states, sure the City has lots of development, and most of the residential that has been developed in the downtown probably don’t amount to 10 apartments if you total them all up. All the development has been up at the mall, with Midtown filled up immediately, and Lancaster Ridge filled up immediately. The survey the Mayor has, of the market rate apartments 2,102 and are 98.1% occupied. Mayor Scheffler stated that all of the tax credit or government subsidized housing are 100% occupied, and that is another 650 units. Mayor Scheffler states that the City has a housing shortage. Fairfield County is pegged by the state housing agency as having 3,100 living units short, and Lancaster is 40% of that number for a total of 1,200 apartments. Mayor Scheffler stated the City needs more market rate housing and low income housing, it is an economic development situation. The City of Lancaster just attracted a company that is going to hire 380 people. There are hundreds of job openings in this community right now that can’t be filled. If the City had more housing in this town, where people could move here, those jobs could be filled. Mayor Scheffler stated that the City is not going to attract any more businesses if they can’t find people to work, and that is a serious problem. This is about improving neighborhoods and need housing. Mayor Scheffler stated in regards to transparency, this CRA works exactly like the existing CRA that we have.
It is an economic development decision as this would be and works exactly like every other CRA, in the State of Ohio, because that is the way they are set up and that is the required way they are set up. The City does a lot of work to attract businesses to this town. Of the three census tracts, only two of the tracts in Fairfield County, tracts 317 and 322 were approved by the State and Federal government as Federal opportunities zones. This indicates the need and incentive that the feds and the state are saying the City needs to do something in those census tracts to make something happen. Mayor Scheffler states that nothing has happen in this area, as far as housing, other than a few sporadic things here and there. One apartment in the Mithoff, three apartments in the Mill, and two or three apartments above the Dewart Watt’s building. Mayor Scheffler states that the City needs hundreds or thousands of living units in Lancaster. Mayor Scheffler brought up the white elephant in the room “Gorsuch”, Mr. Groff has been talking about one developer is getting all this effort, these three census tracts are 1,700 acres. The tract that Gorsuch owns, East School if they own it or not, is two acres. The City has a whole center of the City to do something with. Mayor Scheffler stated that Gorsuch is a property owner in this area, so is Brad Hutcheson owning a lot of property in those three tracts, as well as Lloyd Helber owns a lot of property within these three tracts, Tom Fortin, Wagenbrenner Development, and Dan Singer. Any of those large property owners possibly may do something. Mayor Scheffler stated he is not sure what the issues is with Gorsuch, and stated he didn’t know what else to say. Mayor Scheffler stated this seems to him to be a no brainer and is a big benefit for Lancaster, and it may be that no one ever takes advantage of this but it is an economic development decision and an economic development priority that we need more housing in Lancaster.

President Uhl asked if there was anyone else wishing to address this, speaking for their second time?

Mrs. Tener asked Mayor Scheffler the census tract that he keeps referring to, that was done in 2010, right?

Mayor Scheffler explained that the census tracts are set and are permanent and do not change from year to year.

Mrs. Tener asked, they don’t do a census check every ten.

Mayor Scheffler explained he just attended a meeting at MORPC about subdividing some of the census tracts because they get too big. There is a limit, it cannot be less than 1,500 people or more than 3,500 people in a census tract.

Mrs. Tener asked then it is a percentage type of thing every 10 years that they go around and do that?

Mayor Scheffler answered these numbers about poverty level are from 2018 from the Federal Financial Institution Examination Council

President Uhl asked if there was anyone else.

Mr. Stoughton asked how many people since 1979 has taken advantage of the Community Reinvestment Program.
Mayor Scheffler answered that he did see a report and there are probably a dozen. Magna will be one and South Central Power. As far as residential there are only three and are all located within three or four blocks of downtown. One of those are on West Wheeling Street and those are all single residences that the current CRA allows if more than a certain percentage value of your residence, you can apply for a tax abatement on the improvements only.

President Uhl asked if there is anyone else who hasn’t spoken a second time on this issue.

Mr. McDaniel pointed out that Section 4 of the resolution, the abatement is up to 15 years, and is not a permanent abatement.

President Uhl asked if there is any other discussion on the motion to pass, with none, he requested the Clerk to call the roll. The motion to pass carried 6-3, with Mr. Groff, Mrs. Tener, and Mr. Woodgeard voting no.

**Resolution Temporary 70-19 – Second Reading – June 10, 2019**

A RESOLUTION APPROVING AND AUTHORIZING THE MAYOR TO SUBMIT TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LANCASTER’S FISCAL YEAR (FY) 2019 COMMUNITY DEVELOPMENT BLOCK GRANT ANNUAL ACTION PLAN AND STATEMENT OF OBJECTIVES AND AMENDMENTS

Mr. McDaniel stated that this is the first of three readings.

**Resolution Temporary 71-19 – Second Reading – Permanent Resolution 72-19**

A RESOLUTION TO APPROPRIATE FROM THE UNENCUMBERED BALANCE IN THE PUBLIC SITES AND OPEN SPACES FUND (231), AND AMEND THE CERTIFICATE WITH THE COUNTY AUDITOR

Mrs. Bobbitt made a motion to suspend the rules and waive the third reading of Temporary Resolution 71-19, seconded by Mr. Woodgeard.

President Uhl asked if there is any discussion on the motion to suspend, with none, he requested the Clerk to call the roll. The motion to suspend carried 9-0.

Mrs. Bobbitt made a motion to pass, engross, and enter upon the written record Temporary Resolution 71-19, seconded by Mr. Woodgeard.

Mrs. Bobbitt explained this resolution is for the appropriation of funds for Hunter Park.

President Uhl asked if there is any further discussion on the motion to pass, with none, he requested the Clerk to call the roll. The motion to pass carried 9-0.

**Resolution Temporary 72-19 – Second Reading – June 10, 2019**

A RESOLUTION TO APPROPRIATE FROM THE UNENCUMBERED BALANCE IN THE LDOT FUND (208), INCREASE RECEIPTS AND APPROPRIATIONS IN THE LDOT IMPROVEMENT FUND (314) THEN AMEND THE CERTIFICATE WITH THE COUNTY AUDITOR

Mr. Schoonover stated that this is the second reading.
Resolution Temporary 73-19 – Second Reading – June 10, 2019
Public Hearing Set – Monday, June 24, 2019 at 6:30 p.m.
A RESOLUTION ADOPTING THE 2020 TAX BUDGET OF THE CITY OF LANCASTER
FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2020 AND SUBMITTING SAME
TO THE FAIRFIELD COUNTY AUDITOR

Mr. Stoughton stated that this is the second of three readings, and that there is a public hearing
scheduled for Monday, June 24, 2019 at 6:30 p.m.

Resolution Temporary 74-19 – Second Reading – Permanent Resolution 73-19
A RESOLUTION TO APPROPRIATE FROM THE UNENCUMBERED BALANCE IN
GENERAL FUND (101), INCREASE RECEIPTS, APPROPRIATE FROM THE
UNENCUMBERED BALANCE IN THE .45 POLICE & FIRE LEVY FUND (247) AND
AMEND THE CERTIFICATE WITH THE COUNTY AUDITOR

Mr. Hall made a motion to suspend the rules and waive the third reading of Temporary
Resolution 74-19, seconded by Mr. Woodgeard.

President Uhl asked if there is any discussion on the motion to suspend, with none, he requested
the Clerk to call the roll. The motion to suspend carried 9-0.

Mr. Hall made a motion to pass, engross, and enter upon the written record Temporary
Resolution 74-19, seconded by Mr. Woodgeard.

Mr. Hall explained the need for the resolution due to an unexpected retirement and personnel
buyouts, so the funds needs to be replenished.

President Uhl asked if there is any other discussion on the motion to pass, with none, he
requested the Clerk to call the roll. The motion to pass carried 9-0.

Resolution Temporary 75-19 – First Reading – June 10, 2019
A RESOLUTION AUTHORIZING THE LAW DIRECTOR’S OFFICE TO APPLY FOR
THE VICTIMS OF CRIMES ACT (VOC) GRANT

Mr. Stoughton stated that this is the first of two readings.

Resolution Temporary 76-19 – First Reading – June 10, 2019
A RESOLUTION AUTHORIZING THE SERVICE-SAFETY DIRECTOR TO ADVERTISE
FOR BIDS FOR THE MEMORIAL DRIVE CULVERT REPAIR PROJECT

Mr. Woodgeard stated that this is the first of three readings.

Resolution Temporary 77-19 – First Reading – June 10, 2019
A RESOLUTION TO INCREASE RECEIPTS, APPROPRIATE FROM THE
UNENCUMBERED BALANCE IN THE STORMWATER UTILITY RESERVE FUND
(619), AMEND THE CERTIFICATE OF OTHER SOURCES AND APPROPRIATIONS
WITH THE COUNTY AUDITOR

Mr. Woodgeard stated that this is the first of three readings.
President Uhl asked if there were any other resolutions to come before Council this evening. With none, we moved onto the next order of business.

**READING OF ORDINANCES**

**Ordinance Temporary 9-19 – First Reading – June 10, 2019**
AN ORDINANCE TO REPLACE AND REPLACE LANCASTER CODIFIED ORDINANCE PART ONE – ADMINISTRATIVE CODE, TITLE NINE – TAXATION, CHAPTER 187 – MOTOR VEHICLE LICENSE TAX OF THE CODIFIED ORDINANCES OF THE CITY OF LANCASTER

Mr. Schoonover stated that this is first of two readings.

**Ordinance Temporary 10-19 – First Reading – June 10, 2019**
AN ORDINANCE TO AUTHORIZE THE SERVICE-SAFETY DIRECTOR TO ACCEPT APPROXIMATELY TWENTY-ONE (21) ACRES, MORE OR LESS, OF PROPERTY SITUATED IN SECTION 33, TOWNSHIP 15, RANGE 19, TOWNSHIP OF GREENFIELD, FAIRFIELD COUNTY, OHIO FROM THE ESTATE OF D. MERRILL BOWERS

Mrs. Bobbitt stated that this is first of three readings.

President Uhl asked if there were any other ordinances to come before Council this evening. With none, we moved onto the next order of business.

**TABLED LEGISLATION**

None.

**UNFINISHED BUSINESS**

Mrs. Tener updated Council on the Cupcake Warriors who have raised just over $2,000.00.

President Uhl thanked Mrs. Tener for bringing them to the last meeting and to help spear head that effort.

President Uhl asked if there is any other unfinished business this evening, with none, we moved on to the next order of business.

**NEW BUSINESS/SPECIAL PRESENTATION**

Mr. Woodgeard stated that there has been a lot of discussion nationally and in the state about motorized scooters, and maybe the Law Committee should review this issue. It is a possibility that a company may want to come in to Lancaster for the festival and maybe there should be something on the books to make sure that we are covered. Some of the big cities are outlawing that and he is not looking at doing that, but rather take a look at what type of ordinance or legislation we might need to regulate this industry, if it comes into our area.

President Uhl asked Assistant Law Director Hall if this is something the Law Committee could potentially review or maybe there is already an answer to this issue.
Mr. Groff stated that he has made a note to review at the next Law Committee Meeting. Mr. Groff stated that he is not aware of anything and asked Assistant Law Director Hall if she was aware of anything.

Assistant Law Director Hall stated that this issue was previously addressed along with slow speed vehicles. The Law Department may need to take another look, and will put it on the Law Committee agenda.

President Uhl asked if there is any other new business this evening, with none, we moved on to the next order of business.

ANNOUNCEMENTS

Next Regular Sessions of Council:
1. June 24th at 6:30 p.m.
2. July 15th at 6:30 p.m.

Upcoming Committee Meetings for the next 30 days:
1. Public Works – June 14th at 7:30 a.m. – LPT (Conference Room)
2. Water/WPC – June 19th at 7:00 a.m. – WPC (Conference Room)
3. Finance – June 24th at 6:00 p.m. – Council Chambers
4. Safety – June 26th at 7:30 a.m. – CH (2nd Floor CR)
5. IT/Telecom – June 27th at 7:30 a.m. – CH (2nd Floor CR)

Upcoming Special Meetings:
1. None.

READING OF BILLS

PNC – MNCO - $87.85 (Publication of Notice of Public Hearing)

Mr. Schoonover made a motion to pay the bills, seconded by Mr. Groff. The motion carried.

EXECUTIVE SESSION

There were no requests for Executive Session this evening.

ADJOURNMENT

Mr. Schoonover made a motion to adjourn, seconded by Mr. Stoughton. Motion carried. Meeting adjourned at approximately 8:12 p.m.

Teresa Lee Sandy, Clerk of Council
FINANCIAL ADVISORY COMMITTEE EXECUTIVE SUMMARY

Overview and Purpose

In December, 2018 Mayor David Scheffler asked Jerry Stebelton and Ken Culver to develop and co-chair a financial advisory committee for the following purpose:

To identify and project city revenues and expenses to the general fund, the amounts of carryovers for each department and the projected expenditures for those departments in order to predict budgetary requirements for the next 10 years.

Committee Members

We asked, and were joined by Linda Sheridan of Snyder & Company CPA’s, Fairfield County Treasurer James Bahnson, also an accountant, and Robert Slagle, a Lancaster resident with 25 years of financial management for the City of Piqua.

City Resource Personnel

We met as a group beginning in January approximately every two weeks on Friday mornings at 7:30 and received information from the following guests: Councilman Tom Stoughton, who is Chair of the Finance Committee, Fire Chief Dave Ward, Police Chief Adam Pillar (represented by Asst Chief Daniel Shupp), Treasurer Bob Wolfinger, Supt. of Parks and Recreation Mike Tharp, Parks and Recreation Commission Chair Carrie Woody.

Between meetings, members of our committee met with other department managers and elected officials including, Auditor Tricia Nettles, Economic Development Director Mike Pettit, and Tax Administrator Andrew Yost.

Methodology

We reviewed General Fund history of revenues and expenditures for the past 10 years to create a template of anticipated revenue and expenditures for the coming 10 years. We calculated a beginning carryover balance at December 31, 2019 of approximately $4,000,000 and understand that this is the desired carryover balance each year to meet expenses for the first 30 days of the new year, plus unforeseen expenditures and to ensure high credit status of bond rating agencies. We calculated an estimated carryover balance for each year based on the net of revenue and expenses for each scenario.

Expense Assumptions

Based on current best estimates provided to us by the mayor, department managers and the police and fire chiefs we projected annual expenses on a combined basis. Based on current facts for the self insured health insurance program, we factored in an annual increase of 15% in the cost of health insurance for the years 2020, '21 and '22, and then 2.4% annually thereafter for all departments. This unusual increase is necessary because large recent claims have depleted the self insured reserves and they must be restored.

We further assumed annual staff salary increases for both police and fire departments of 3% to remain competitive with other communities, and 3% for all other employees, plus major and known expenses. At this stage of the projection process, there have been no increases in employee head count city-wide or capital improvements needs factored in. Such expenditures can be factored in once available revenues are more know
Revenue Assumptions

We assumed future revenue as follows:

- 3% annual income increase city tax withholding from current taxpayers, from wage inflation and natural employment growth;
- New revenue from two businesses committed to relocating to Lancaster (Magna Seating of America: 300 employees within a year and South Central Power; 180 employees in 2021
- New revenue from additional employees at Blue Label
- Rising interest income from City Treasurer’s investments per federal government projections;
- Declining EMS insurance reimbursements based on recent local and industry trends.

Scenarios

Based upon all of the above, we created a base-line template which anticipates a 2021 budget out of compliance with bond covenant requirements (20% of annual budget, which is approximately $4,000,000.

The following Summary of Financial Calculations presents a forecast if nothing is done, and seven possible scenarios to address revenue shortfalls.

If nothing is done, the City of Lancaster will fall below the $4,000,000 minimum cash balance carryover by 2021, and will experience annual shortfalls culminating in a deficit of $5,900,000 in the 10th year.

An option we considered, but cannot recommend, would be to redeploy approximately $400,000 to the General Fund each year from interest income generated in Enterprise Departments, primarily the water department. While the Ohio Revised Code permits the use of Enterprise interest earnings for General Fund purposes, there is significant risk to covenants relating to existing bonds which could (and has in the recent past) resulted in increased interest rates on borrowing for long term capital improvements. This could also result in a down grading of the City’s bond rating, and could have detrimental impact on other areas of the City’s long term growth. We therefore rejected that idea and it is not included in the following seven scenarios.

Scenario One would roll back the 1% income tax credit currently received by commuters over a five-year period at a rate of .2% each year.

Scenarios Two through Six lay out various revenue streams to ensure bond compliance, maintain solvency and generate additional revenue for capital needs such as a new fire station primarily through an increase in the income tax rate and/or increase in the real estate tax rates.

Finally, in the absence of any revenue increases, cost-cutting measures would need to be implemented. In Scenario Seven, a general wage and salary freeze across the board in 2022 and 2023 would reduce expenditures, but would pose a significant risk to the City’s ability to be competitive in hiring and retaining quality police and fire personnel, who are already paid at rates about 10-15% below their peers from nearby cities and departments. It could also inhibit the City’s ability to attract quality employees in all departments.

The following chart provides a summary recap of these scenarios and have been discussed in detail with members of the administration and the finance committee of Council.
### Summary Of Financial Calculations

As of 5/30/19

<table>
<thead>
<tr>
<th>General Fund Balance @ end of 10 Yrs</th>
<th>Year General Fund Exceeds $4m</th>
<th>Year General Fund Falls Below $1m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current forecast, if nothing changes</td>
<td>($5,931,813)</td>
<td>Never</td>
</tr>
</tbody>
</table>

**Scenarios Considered by Committee:**

**Redeployment of Existing Revenue**

**#1 Eliminate Commuter Tax Credit**

$6,711,236  
2028  
Never

**Tax/Levy Increases**

**#2 .10% Income Tax Increase (1.85%)**

$5,751,159  
2027  
Never

**#3 2 Mills Property Tax Only**

$5,768,187  
2026  
Never

**#4 2 Mills Property Tax + .10% Income Tax (1.85%)**

$17,451,159  
2023  
Never

**#5 3 Mills Property Tax + .10% Income Tax (1.85%)**

$23,301,159  
2022  
Never

**#6 .25% Income Tax Increase (2.0%)**

$23,529,594  
2022  
Never

**Cost Cutting Measures**

**#7 2 Yr Pay Freeze in 2022 & 2023**

$4,115,904  
2030  
2023

### Additional Notes

Following are additional caveats and discussion points related to the above information and options.

- All calculations were based on information obtained from the employees of the city and were not presumptions or assumptions by the committee. The committee had continual dialogue with the various stakeholders throughout the process.
- The calculations were based on information currently known as of the date of this report.
- Fluctuations in interest rates and health care costs have been estimated as best as current knowledge will allow.
- Future economic growth was anticipated, but not beyond a 3% inflationary assumption, unless based on current known events that will happen in the future.
- The committee has not addressed Capital needs planning, nor additional staffing needs. These items are the function of the respective committees of Council, and should be done as part of the ongoing planning phase.
- Revenue and expenses presented are based on a forecasting model, which has been reviewed in detail with members of the Administration and Council’s finance committee. Actual results are expected to vary. This is not a guarantee or prediction of future results, but does provide City Council with meaningful information in developing its strategic plan.
- The Parks Department has a new Levy currently in the works, and this has not be factored into the model in any way. Council needs to determine if this need should be folded into a combined issue to take to the voters, or if it should be presented as a separate levy.
It has been an honor and a privilege to be asked to undertake this project. We have enjoyed working with all the stakeholders we met during this process, and without exception found them to be very willing to help us in the process, very knowledgeable about their respective areas of the City's operations, and all were very fiscally minded. We thank them all for their time, effort and patience with us during the process.

Please be advised that we do not feel it is within our assignment to make specific recommendations, but rather to provide carefully-researched information and options so that elected officials can make informed decisions. Decisions about funding needs and priorities can only be made by those who are closer to the operations of the City than an outside ad hoc group would be. We do recommend that this information be shared as needed with parties who will develop the City's 10 year strategic plan and, if decided as a course of action, with those preparing any issues for the voters to consider. We also recommend that these efforts be continued on an immediate and priority basis. The numbers show clearly that if nothing is done in the very near term, the City may be facing some difficult financial challenges in the near term.

We stand ready to continue discussions as needed.

Date: May 30, 2019

Gerald L. Stebelton, Co-Chair

Ken Culver, Co-Chair

James Bahnsen

Linda Sheridan

Robert Slagle