

## Finance Committee Minutes

Honorable Council  
City of Newark, Ohio  
February 25, 2014

The Finance Committee met in Council Chambers on Monday February 24, 2014 at 5:30 P.M. with these members in attendance:

Jeremy Blake, Chair  
Jeff Rath for Doug Marmie  
Ryan Bubb

Carol Floyd  
Bill Cost Jr.

**Mr. Blake-** I would just like to welcome everyone to this Finance Committee meeting. We have some items on our agenda tonight and I want to remind folks that when we do get to the public comments that we will have the person from the administration speak on the piece of the legislation then we will open it up to the floor for audience members to participate but just remember to go to the podium to speak and please address your comments to the chair.

1. Consider **Resolution No. 14-14** appropriating monies for current expenses of the municipal corporation
  - a) A request for an appropriation of the unappropriated balance of the 929, Inter/Intra Government Fund, in the amount of \$ 5,053.88 (2013 Income Tax Distribution)

| Account | Description | Amount |
|---------|-------------|--------|
|---------|-------------|--------|

|              |      |            |
|--------------|------|------------|
| 929.132.5289 | JEDZ | \$5,053.88 |
|--------------|------|------------|

**Barb Jobes-** this is an appropriation out of the unappropriated JEDZ Fund so that I can pay my department for collecting the 2013 JEDZ taxes. The City's share of it was \$40,000.00 and we have already been paid.

**Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd**  
**Motion passed by a 5-0 vote.**

2. Consider **Resolution No. 14-15** appropriating and disappropriating monies for the current expenses of the municipal corporation.
  - a) A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$154,000.00 (Demolition of 20/22 N 4<sup>th</sup> St- AG Demo Grant)

| Account         | Description          | Amount       |
|-----------------|----------------------|--------------|
| 100.121.5238308 | Service General-Demo | \$154,000.00 |

**Barbara Gilkes**- the first part of this request is for an appropriation of the General Fund for the demolition of 20/22 North 4<sup>th</sup> Street. The demolition can cost up to \$300,000.00. We will be reimbursed upon the successful completion of the demolition of half of the expenses from the Ohio Attorney General’s Office. The appropriation has to be broken out from the General Fund and then the AG Demo Fund. The appropriation total consists of the sale of two properties by the City, phase 2 of the AG Demo grant and the rest of it will be coming from the Attorney General’s Office. The entire amount has to be appropriated up front so that we can proceed with the project.

**Motion by Mrs. Floyd, second by Mr. Cost to send to full Council**

**Lesa Best**- how much is Mr. Vela paying chair?

**Mr. Blake**- you are just asking a general question as to how much he is paying.

**Lesa Best**- yes

**Mr. Blake**- we will get the appropriate person to answer that

**Director Mauter**- at this time Mr. Vela has no expenses in this project. He has been no responsive and non-compliant to all the requests from the Fire Department and from the Property Maintenance Department. We have a tremendously hazardous situation regarding the public health, safety and welfare of the citizens of Newark.

**Lesa Best**- how long have you been trying to get a hold of Mr. Vela?

**Director Mauter**- several certified mailings....

**Lesa Best**- how long has the City tried to contact Mr. Vela?

**Director Mauter**- I would have to get that information exactly but we do have demolition orders we have waited the 13 day waiting period for the demolition order and everything that we have sent certified mail has been returned back to us

**Lesa Best**- my question is Chair, we are discussing the demolition of Bob Vela’s building and we don’t have the information, is that what you are saying?

**Mr. Blake**- I think that we do have the information

**Lesa Best**- no we don’t apparently

**Mr. Blake**- if you could just remain calm we could answer these questions I think that we have answered. I think there have been discussions and we could even have our Law Director come forward and discuss how we are going to go.

**Lesa Best**- my suggestion would be that you ask Property Maintenance or the Safety Director how long the City has been trying to contact Mr. Vela. It is a simple question. Mr. Mauter could not answer so maybe....

**Mr. Blake**- we will bring someone up to answer your question

**Lesa Best**- terrific, my next question is how much in fines has Mr. Vela accrued for this property and over what period of time.

**Law Director**- let me try to answer the question that was asked. This has been a process with this particular building that really has kind of had two separate phases. The long and short of it is the answer is probably about three years. The first phase we began a process that resulted in a settlement agreement through Mr. Vela and his attorney that

he was going to take certain steps to rectify the problems with the building and there were time tables put into that agreement and Mr. Vela did not comply with those steps or that time table and the building continued to deteriorate over time. We then attempted and by that I mean various people within the City, attempted to renew that discussion about that time table and those objectives that resulted in no response. Again the building continues to deteriorate in large part because of weather; it is not under a sealed roof. At that point new orders of violation and subsequently demolition orders were placed on the building early January 2014 to which we have had no response what so ever and that is what we are moving forward. There are certain time limits that the code sets in place based on the date of the violation, then the date of the demolition order and then the appeal period and then if nothing is done then the City has certain rights and that process has ran its' course through the months of January and February 2014 with no response from Mr. Vela at all and that is why we are going forward with this.

**Nancy Welu-** I don't have anything to say as far as the money aspect, I just wanted folks to know a little bit about this building. Maybe the administration already knows this but back in 1996 there was a comprehensive plan done of Newark and maybe they have it up in the Department of Development, it looked at the different historic buildings in the city. I know that the building has deteriorated but does anyone in here know what this building used to be or know when it was built? It was built in 1907 and it was the Orpheum Theatre Building and they did Val Ville in there so I just wanted to bring that up because we are losing a piece of that history that had such a rich history. In 1996 when this comprehensive plan was done the building was deemed intact. I have a copy of that at home, I am sure that the city has it somewhere too. It is just sad that it has deteriorated to a point where it is not habitable or no one has stepped forward.

**Mrs. Floyd-** we have a number of these buildings around town and it is sad when what was originally a nice building with historic impact has to be torn down. On the other hand if it gets to the point that it is dangerous and detrimental to the citizens of the community who might get hit with falling bricks including people going through the alley out here or sidewalk. There is already a fence out there. I don't think that we have any choice in the matter. I do understand being frustrated that the owner of the property isn't taking care of it but we have a lot of those in this community, I think all communities do. It is sad but we have to move forward.

**Mr. Guthrie-** I think that Ms. Best and Ms. Welu both raise good points but the bottom line is the point that Mrs. Floyd made. The same gentleman owns the Brunswick Building which I think is one of the most magnificent buildings in downtown Newark and it is sitting there going to rot. It is probably going to get worse. I just don't know how we deal with issues like this. Mr. Rhodes and the Safety Director and I have talked a lot about this particular building and the alternatives that they looked at. I think that the administration has done their due diligence. I think that if we had any other option I would be the first person I think saying we should exercise it. I don't think that we have one. We have the opportunity to get the AG grant; we have the opportunity to get the private sector support. I don't know what other direction we could go. It is absolutely shameful that a property owner should allow this to happen to this community but it is.

It may be out of their control, I don't know but it is something that we don't have options on. When I met with the Service Director and the Safety Director we talked about the potential of losing brick off of the front of that place, we saw what happened over in Franklin County. Several years ago a guy that was actually a City Councilman for the City of Columbus had bricks fall on him; he had to have a leg amputated. We can't put our citizens in that kind of risk. I agree with everybody's thoughts but I don't think that we have any alternatives other than to move forward with this.

**Lesa Best-** of course you don't have any alternatives now. Three four years ago, I think that people were actually living there up until about a year ago so obviously it wasn't that bad because you allowed people to live there until it got so bad that EMT's had to report it because they couldn't get up the stairs. Waiting for 2,3,4,5 years for the property owner to get back to us instead of actually doing something, of course now it is impossible to ignore. The Brunswick Building, we put so much focus on the square and how lovely it looks and the Courthouse but when it comes to holding a property owner responsible like the Edward Price Building down on the corner across from the Administration Building, how long has the structure been bad on that now. So we are kind of wussy about trying to get anybody to take accountability when they own the place and then we cry about it later because the City now has no alternative. It is you all's fault, it really is. You ignore it. Mr. Sherman on Hollar Ln, how long did you ignore that Mr. Rath? You ignore it because it is easy and then you penalize the people that live in Newark and the State of Ohio to pay to demolish these buildings and then you let the property owners get by again so it works for you all.

**Mr. Greene-** I don't think that you have much choice at this point so I agree with people who said they supported demolition. I just think that this really underlines the question of enforcement of Property Maintenance Code and underlines the question of how much discretion we give landlords who are not following the code.

**Mr. Rath-** I think that this is a perfect example of our Property Maintenance Code that everybody is complaining about being put to work and being put to good use. Lesa I direct this straight to you since you called me out by name

**Lesa Best-** oh good

**Mr. Rath-** if your house was in disarray

**Lesa Best-** yes

**Mr. Rath-** please let me talk

**Lesa Best-** absolutely

**Mr. Rath-** without interruption and without comment

**Lesa Best-** go for it

**Mr. Rath-** if your house was in disarray and we determined it was and we weren't going to wait around and we weren't going to go through the first process and the first thing that we did was go down there and tear your house down to the ground you would be the first one in here yelling and screaming because we didn't go through due process. Fortunately I am happy that we have to go through due process but we do have to go through due process and that is what takes the amount of time. I would like to take every piece of property that Tom Cotton owns and just strip him of ownership of it and give it to somebody who gave a damn. If Tom Cotton were to walk in here today and say

I am going to take care of all of this, I would still vote for this because I don't believe a word that comes out of this man's mouth. He has lied to this Council before; he has lied to this Committee before. He stood up here and gave us documents that proved he was wrong and then told us bold face lies.

**Lesa Best-** we are talking about Bob Vela not Tom Cotton

**Mr. Rath-** you are right, I'm sorry that was the wrong person, I apologize. Nonetheless he has not responded and we are going through the due process and this is where it has been. I know it is not being ignored, I know that our previous Safety Director was constantly on that building.

**Lesa Best-** what?

**Mr. Rath-** you heard me I didn't stutter. As far as Hollar Lane goes I did not ignore that I have been on that ever since I got on Council and it got cleaned up didn't it.

**Lesa Best-** it got burnt down

**Mr. Rath-** then it got cleaned up, it takes a process

**Mr. Blake-** ok the question that is before us is the first section of 14-15

**Mr. Rath-** I think that we debated this enough I would like to call to question

**Mr. Blake-** call to question

**Motion passed by a vote of 5-0.**

- b) A request for an appropriation of the unappropriated balance of the 293, AG Demo Grant Fund, in the amount of \$182,584.32 (Demolition of 20/22 N 4<sup>th</sup> St- AG Demo Grant)

| Account         | Description          | Amount       |
|-----------------|----------------------|--------------|
| 293.293.5238308 | Service General-Demo | \$182,584.32 |

**Barbara Gilkes-** that is the AG Demo Fund Account, it is part of the same project. The entire project is going to be slightly over \$300,000.00

**Motion by Mr. Rath, second by Mrs. Floyd to send to full Council**

**Motion passed by a vote of 5-0.**

- c) A request for an appropriation of the unappropriated balance of the 295, Police Grant-JAG Fund, in the amount of \$11,482.48 (OCJS JAG Grant 100% will be reimbursed by the State of Ohio)

| Account      | Description          | Amount     |
|--------------|----------------------|------------|
| 295.195.5231 | Professional Service | \$1,650.00 |
| 295.195.5536 | Computers            | \$9,832.48 |

**Barbara Gilkes-** this is our 2014 OCJS Jag grant. We are trying to update our video storage and data collection in the Police Department. The \$9,832.48 is for the

equipment and the \$1650.00 is for installation of that equipment by Alpha link. We will be reimbursed 100% by the State of Ohio.

**Motion by Mrs. Floyd, second by Mr. Bubb to send to full Council  
Motion passed by a 5-0 vote.**

- d) A request for an appropriation of the unappropriated balance of the 100, General Fund, in the amount of \$10,000.00

| Account      | Description           | Amount      |
|--------------|-----------------------|-------------|
| 100.114.5231 | Professional Services | \$10,000.00 |

**Director Buskirk-** that is money to help pay for the attorney fees for the negotiations that are ongoing

**Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd  
Motion passed by a 5-0 vote.**

- e) A request for a disappropriation of the appropriated balance of the 100, General Fund, in the amount of \$10,000.00

| Account      | Description | Amount      |
|--------------|-------------|-------------|
| 100.114.5111 | Salaries    | \$10,000.00 |

**Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd  
Motion passed by a vote of 5-0.**

- f) A request for an appropriation of the unappropriated balance of the 621, Water Department Fund, in the amount of \$10,000.00 (Several high reimbursements due to overpayment of online payments)

| Account      | Description    | Amount      |
|--------------|----------------|-------------|
| 621.706.5641 | Reimbursements | \$10,000.00 |

**Roger Loomis-** this is a fund that we use to refund people for deposits and over payments. We generally budget \$10,000.00 in this account for the year but we have had a couple of people who paid on line, one person who owed us \$6.50 and he paid \$6,500.00 so it ate up our \$10,000.00 we budgeted for this account. I think the other person owed us \$25.00 and paid us \$2500.00 so we need to build this account back up to be able to give future refunds.

**Motion by Mr. Bubb to send to full Council, second by Mr. Cost**  
**Motion passed by a vote of 5-0.**

- g) A request for an appropriation of the unappropriated balance of the 231, Probation Grant Fund- Improvement, in the amount of \$10,289.66 (Probation Improvement Grant FY 2012-2013 refund to State)

| Account      | Description     | Amount      |
|--------------|-----------------|-------------|
| 231.232.5611 | Refund to State | \$10,289.66 |

**Scott Fulton-** this is a grant that we had from the Department of Corrections 2012-2013. It was a collaboration that we had with the County. We went together with the Common Pleas Court and did a grant. The grant has ended and we need to refund some money that was not spent. There is an invoice there showing how much we owe the State.

**Motion by Mr. Bubb, second by Mrs. Floyd to send to full Council**  
**Motion passed by a 5-0 vote.**

- h) an appropriation of the unappropriated balance of the 231, Probation Grant Fund- Jail Diversion, in the amount of \$1,400.00 (To replace a SCRAM unit purchased by the Jail Diversion Grant reimbursement by Teresa Johnson for damages caused)

| Account      | Description              | Amount     |
|--------------|--------------------------|------------|
| 231.113.5312 | Law Enforcement Supplies | \$1,400.00 |

**Scott Fulton-** I was here last month for a similar item. We had another person who literally blow torched the unit. They brought the money into us and we would like to replace that unit.

**Motion by Mr. Bubb to send to full Council, second by Mr. Rath**  
**Motion passed by a vote of 5-0.**

3. Consider **Ordinance No. 14-02** authorizing and directing the Director of Public Safety for the City of Newark, Ohio, to release the lien previously placed against the property located at 10 Sisal Street, Newark, Ohio and declaring an emergency.

**Mrs. Floyd-** I would just like to have Director Spurgeon explain this, he has worked many, many days and hours trying to get this settled. We have been talking about this for months. I appreciate all of his time.

**Director Spurgeon-** our Property Maintenance Ordinance in our City is a good ordinance but it implies a three prong approach. First prong is compliance. We have

worked tirelessly since taking office to get the Cable's to comply. 10 Sisal is the old GI Asphalt, it poses an emanate threat to the safety and welfare of the citizens of Newark up there. We could have forecast that we would have a fire and we did. When folks aren't willing to comply we go to phase two which is to assess or mitigate the problem. While we didn't total abate the problem we did spend just south of \$9,000.00 to at least make it safe. During this period of time we still had nuisance complaints, trash, rubbish, we have a room up there that is unsecured which gives guys like me fits, it is an opportunity for an arson fire, it is an opportunity for someone to abuse drugs, it is an opportunity for someone to suffer an act of violence. So we felt like it was the right thing to do. When that second prong doesn't work the third prong is to turn it over to the judiciaries. We have worked very closely with the Law Director's office. This is one of those properties that we would ask our Director of Law to look into. You have heard some debate tonight, why do we not fine folks? You come to a practical reality you are trying to get the unwilling to become willing is beating your head against the wall. We do use this three pronged approach: see if they want to comply, if they don't we are going to have to fix and assess the cost. The fines and assessments can be put on the property taxes and can force a tax foreclosure that will run a process that may get bought by the private sector which has happened tonight or it could come back to Director Rhodes for an Auditor sale. Good for the citizens. But when you talk about a building such as been debated behind us that is wrapped up in IRS liens, State Tax liens and foreclosure there is not any advantage for going down that road with these fines and assessments. That is an overview of what we are doing in Property Maintenance. 10 Sisal we took Step one, Cable's do not want to comply, two brothers have left town, our repeat attempts to get them to talk to us they don't respond. One brother I actually have his cell phone number and I have talked to him. He says that he would like to but he just can't. He is in his 70's down in Zanesville eking out a living. So here we are we have an impediment and we have to do something. We spent south of \$9,000.00. So the difficult decision we have tonight do we forgive that and then debate the unjust enrichment concern or do you see this as one less opportunity for an arson, one less opportunity for acts of violence, one less opportunity for negative behaviors and relief for our hard working Street Department/Parks Department folks who have gone up there from time to time grabbing tires and rubbish. Another thing that would be important for the Committee to know would be the new owner Chris Linn, Linn Concrete, he is a south end guy, and he has given me a notarized agreement to perform some work if we will forgive this. That is why I called Carol and I said let's let the legislative branch consider that. He has already in a good faith effort gone up there and removed walls that were in danger of falling and most importantly he is going to repair that fence and lock it up. That in and of itself is going to eliminate a safety hazard that keeps me up at night. He is also going to remove the deteriorating structures, fill in the hole from the fire and take down the weeds. I am in favor of this. It is not easy for me to ask this legislature and a cash strapped city to forgive south of \$9,000.00 but we have a problem up there and we have a private



sector solution. We have collaborated with the County and done everything that we can to make a good ordinance better and I believe that this is the right thing to do.

**Law Director-** just a clarification on the language and what this piece of legislation does. This property went to Sherriff's sale. With all of the other liens that are in place with regards to this as we have talked about so many times with so many of these distressed properties, there wasn't sufficient proceeds from the sale of this property to pay off those liens and they go in order of priority and there just isn't enough to go all the way down that list. What this piece of legislation does, it doesn't actually forgive the debt against the prior property owner that the fees and fines were levied against it simply releases the lien on the property in the recorder's office so as not to punish the new owner for the sins of the previous owner. This owner as Mr. Spurgeon said is making efforts to rectify the problem that the previous owner wouldn't do. We are asking for the lien to be removed from the property, the underlying debt will survive and other collection efforts could be used to collect that debt against the previous owner. I don't mean to infer that they will likely meet with any success but you shouldn't be of the impression that we are going to unjustly enrich the previous owner because they still will be responsible for that amount.

**Mr. Bubb-** has ownership changed at 10 Sisal, is Chris Linn the owner?

**Director Spurgeon-** Chris Linn was the successful bidder. Chris Linn I believe is going to accept title but he has said to me quite frankly that he is a business person and has a lot of projects and with that assessment on there he doesn't know if he can turn the numbers to do that. The actual signing on the dotted line is going to happen in a week or so but this measure provides him some relief and he has agreed to do some things to shape up that area and relieve this burden from the government.

**Mr. Rath-** what is his intent of use of the property

**Director Spurgeon-** he has a robust business strategy but I don't know if I am at liberty to discuss that. He keeps it pretty close to the vest. He has told me but I don't know that it would do him any good in a competitive market place to put that out in Council Chambers. I do know in the short term he is going to secure that place, cut the weeds down and out a new skin on that building.

**Mrs. Floyd-** I have talked to him a couple of times on the phone and he has some intentions to do some things there. He said that when he took some people up to clean it up after he went to the auction the neighbors there came out and were very happy because they were there when the fire happened and they had seen people up there messing around that building and were concerned about somebody getting hurt up there and concerned about all the trash up there. I think this could become a viable piece of property and I think that it is in the interest of the City and the citizens to do this.

**Director Spurgeon-** if it pleases the Committee, I would respond to Mr. Rath, his end use is very consistent with what they have now. I don't believe that he is going to be asking for modifications of zoning.

**Lesa Best-** let's just make it clear that the policy of Newark is to ask a violating property owner to comply and then we wait and we wait and we wait and then we end up paying for it anyway. Just want to clarify that.

**Mrs. Floyd-** I just want to say something in response to that just because it almost sounds like if Newark would just plow through a little bit harder we would get that money. That doesn't seem to me like that would happen. You know the old line you can't get blood from a turnip. It just seems to me that many of these people won't comply or don't have the money to comply.

**Lesa Best-** when have we forced a property owner to comply can you be specific?

**Mrs. Floyd-** no because that is not something that I as a member of Council deal with

**Mr. Bubb-** I want to say that I appreciate your work on this Bill and the administration's, I think that it is a no brainer.

**Motion by Mr. Bubb to send to full Council, second by Mrs. Floyd**

**Chris Linn-** I bought the property at 10 Sisal. I have been watching the properties for several years, as you know the Attorney General had a list of liens on it that were unimaginable. It was not a very attractive property; basically you are buying a dump when you buy it. That is a junk yard and a safety hazard and many other things. We did buy the property successfully, at the time we were told that there was an assessment that wasn't part of the original tax amount that was due on the property which became a great concern about how much do we want to invest in a property that is already depressed. The use that we have for the property we think that we can turn it around and make it a useful and productive area. The first day that I talked to the tax folks they let me what had to be paid for the property at which time they said that there was another assessment that was not applied to that and I told them that I wouldn't be interested in the property for that much money. They then got a hold of me and said that the City was possibly willing to work with us and make that go away. I don't know what the ramifications that would be or what can or can't be done but I have bought a lot of other properties at tax sales before and what you buy is free and clear and pretty much alleviates any other liens. Where we are is that I have bought the property, I have not taken possession of the property technically yet. Upon reviewing the property I found clutter, debris, storage units that were just beyond imagination. There was a concrete slab half the size of the room that anybody could have probably pushed a few boxes out of the way and had the whole thing fall on them. That all has since been resolved; everything cleaned up and hauled away, all of the deteriorating structures have been knocked down, demoed and hauled away out of moral obligation should a kid coming around and get hurt on it or something. To leave something like that the way it has been left is pretty appalling. I made an agreement that if you are willing to work with us and help us out on this the old building down there will be re-skinned, the property down there will be totally cleaned up 100% and a fence put up around the whole property, the building closed up to control anybody from being able to get in it and get hurt. I am willing to give it 110% and get it cleaned up within a 90 day period. Would be willing to sign anything or notarize it to let you know that my intentions are good and that I will follow through with what I say I am going to do. We plan to open up a business up there pretty soon and probably create 12-15 jobs immediately.

**Motion passed by a vote of 5-0.**