

KIRTLAND CITY COUNCIL MINUTES

May 17, 2021 – Work Session

The work session meeting of Kirtland City Council commenced at 6:00 p.m. Due to the current state of emergency regarding COVID-19, the meeting was held virtually via Zoom. Council members present were: Scott Haymer, John Lesnick, Richard Lowery, Matthew Schulz, Joseph Smolic and Kelly Wolfe. Jeffrey Ruple was absent.

Mayor Kevin Potter, Law Director Matthew Lallo, Finance Director Mary Kovalchik, Service Director Joseph Fornaro and Fire Chief Anthony Hutton were also in attendance.

Mayor Potter stated the main purpose of the work session is to discuss Ordinance No. 21-O-23 (note ordinance), noting that Council will need to adopt the Ordinance at tonight's meeting.

Mrs. Kovalchik stated that she received notification from the State Treasurer's office advising they have accepted the City's application for the OMAP program again this year. She noted this allows the City to piggy-back on the State's rating; Kirtland does not currently have a rating. Mrs. Kovalchik explained that the body of the Ordinance identifies every remaining balance on every outstanding item. Mrs. Kovalchik stated that for 2021, the City is paying down \$397,000; a large portion (approximately \$97,000) is for the Wisner Road stabilization. She explained another large portion is for safety system upgrades; optional pay-downs are also made as much as possible.

With regard to the rating system, Mrs. Kovalchik stated that Kirtland remains unrated due to lack of a revenue source that qualifies the City to request a rating. She noted the City gets the best rating possible by piggy-backing on the State rating; the cost to the City is \$2,000, but over the years the benefits have outweighed the costs.

Noting that she reached out to Tim Reidy of Fifth Third Securities, Mrs. Kovalchik stated that the market is currently more favorable than last month when the street improvement notes were done. The current benchmark for the municipal scale is 12 basis points, which is down from 16 basis points when the City was in the market last month. She noted that Mr. Reidy anticipates the City would be looking at between 18 and 20 basis points; when the City went to the market last year for the same issue, it was at 40 basis points. She stated the coupon would be a greater amount, noting that most investors prefer a flat percentage coupon. Using the screen sharing function of Zoom, Mrs. Kovalchik reviewed the most recent information she received from Mr. Reidy. She stated that costs include the bond counsel, fees from Fifth Third Securities and agency costs, noting that she will provide a summary. Councilman Schulz requested that information be provided regarding the savings based on the current rates. Discussion ensued regarding debt service and debt pay-down.

Mayor Potter noted that there is legislation on tonight's agenda to request the County Auditor to certify the millage for the senior/recreation levy. Mrs. Kovalchik stated that the levy generates approximately \$150,000. She noted that capital purchases can be made with the funds generated from this levy, but not from funds generated by the County senior citizen levy. With regard to the legislation, Mr. Lallo advised it will need to be amended to include the proper date of the general election; the legislation will need to be adopted as an emergency tonight. He noted that the legislation to place the issue on the ballot will be on the next Council meeting agenda; that legislation can receive three readings.

Noting that the levy is for “community senior citizen and recreational facilities and programs”, Councilman Lesnick inquired where the money was spent. Mrs. Kovalchik noted that she would have to look at 2019 to get a substantial understanding of where the money was spent, due to closures in 2020. She noted the money is spent predominantly on professional services, care of the facilities, heating, lighting, utilities, and possibly insurance costs.

Mr. Lesnick inquired if the levy can be re-named so it is clear that it is for both senior citizen and recreation use. Mr. Lallo stated that since it is a renewal, the name of the levy must stay the same as the past levy.

Council President Lowery noted it would be helpful to see the amount spent on senior citizen activities and the amount spent on recreation activities. Mrs. Kovalchik stated it would be difficult to isolate costs of utilities, building and grounds, etc., unless it is for a specific program.

Discussion ensued regarding Resolution No. 21-R-25 and Resolution No. 21-R-26. Mayor Potter advised that these resolutions will need to be adopted at tonight’s meeting, noting that the City’s application for the CDBG funds is due Thursday. The Mayor noted this was originally intended for the up-front costs for residents in the Old Town area that are potentially eligible for CDBG money when the project is executed. However, it was realized that if the City applies and is granted funds, those funds must be spent within one year. Since it will be a few years before the sewer project will be constructed and residents have to pay the up-front costs, Mayor Potter noted that an alternative use of the funds could be for outdoor restrooms at the Community Center. He noted that the City can apply for residents’ up-front costs for the Old Town sewers in the future.

Mayor Potter noted that Resolution 21-R-25 affirms that the City will follow the fair housing guidelines, and therefore be eligible to apply for CDBG funds. Resolution 21-R-26 can be amended regarding use of the funds.

Answering Councilman Smolic, Mayor Potter stated he is not aware of the City receiving CDBG funds in the past. Discussion ensued regarding restrictions or contingencies associated with the CDBG funding.

Mayor Potter advised that the funding request for outdoor restrooms would be approximately \$50,000; he noted that an architectural rendering was done last year by a resident who is a retired architect.

Responding to a question from Councilman Schulz regarding language in Resolution 21-R-25, Mr. Lallo advised that essentially it states the City is not discriminating in violation of fair housing and that the City will continue to promote fair housing in Kirtland. Brief discussion ensued in this regard.

Mrs. Kovalchik noted that because the request is a smaller dollar threshold, it is likely that it is not tied to any additional programs; larger CDBG requests are tied to historical site programs. Mrs. Kovalchik noted that if Council has an aversion to these types of funds, she is aware that the Ohio Department of Natural Resources looks favorably upon outdoor facilities that are associated with parks and recreation, and it may be another path to find funding for the outdoor facility.

Mayor Potter noted that if the City receives the CDBG funding for the outdoor restrooms, it will not preclude the City from receiving funding for the residents in the Old Town area in a few years.

There was no further discussion, and the work session meeting adjourned at 6:59 p.m. upon the unanimous consent of Council.

President of Council

Clerk of Council