Minutes for the October 22, 2018 Special Council Meeting

Held at 10:00 am at the Town Hall on Division Street (moved from the Municipal Building)

1. Mayor Ehrbar calls council to order and roll call is taken. Present are S.Smith, J.Wolfe, M.Feyedelem, E.Longbrake, G.Ritchie, and P.Seeholzer. All are present.

2. All rise for the Pledge of Allegiance to the Flag

Mayor Ehrbar explains that first Council members will express their opinions on the two subjects on the agenda and then members of the public to make statements. The Mayor adds that this is not a question and answer period, it is to express opinions on the two topics under discussion. There will be no vote taken at this meeting on either topic.

3. Lands and Buildings Committee Meeting agenda for discussion of Golias House:

Council Member Seeholzer opens the discussion as she asked for this meeting. Seeholzer references the recent vote at Council that was divided on the question of whether to sell the Golias House or keep it; at that time Mayor Cooper broke the tie preventing the sale of the house. Seeholzer says that three members of Council voted against selling the property and she wants to know their reasons for keeping the property, adding that money is not available to fix the house. When the house was closed and mold grew then everything that was in the house had to be discarded. Now furnishings would have to be purchased to make the house usable and Lands and Buildings does not have the money to purchase items for the house. Seeholzer asks what the Council members who want to keep the house and property want to do with it.

Council Member Ritchie came to the meeting with five pages of financial projections in the General Fund for Council members. Ritchie’s focus is on the financial condition of the General Fund. The General Fund pays the bank loan for the Golias House. The bottom of page 1 shows revenue projections for five years and the following pages show expense scenarios with keeping the Golias House and selling the Golias House. Ritchie has assumed a sale price of $300,000. On page 5 the projections show the General Fund as still running a deficit and Ritchie continues that several years out there would still be General Fund deficits leading to a $155,000 General Fund yearend balance.

Council Member Longbrake recaps to say that in 2016 Council purchased the house for $350,000, which was above the real estate appraisal. Then money was not available to renovate the house. Longbrake thinks that the village should give away or sell the house to have it removed from the property and retain the land. Longbrake says that almost $30,000 was spent in the last few months to do maintenance on the house and he thinks the house could only be sold for $290,000. Longbrake says that would amount to a $52,000 loss. He continues that he thinks the house should be removed at no cost to the village, the property retained and in the future a building erected for use by the paramedic and the fire department, with proper storage for fire equipment. Longbrake says that Tom Beck is interested in moving the house.

Council Member Smith thinks that Council has had this question before them long enough. Smith suggests that Council take it to the voters. If the voters approve a levy to pay for the house and needed maintenance then the problem is solved. If the voters say no, then sell the property. Smith adds that he understands the wish to keep the property.

Council Member Seeholzer adds that the appropriations for the house and its maintenance come from the Lands and Buildings area of the General Fund and she is the chair of that committee. The cost of the Golias House project has left Lands and Buildings without much in appropriations for other items.

Council Member Longbrake says that the General Fund would lose $50,000 if the property is sold.

Mayor Ehrbar opens the discussion to the public.

Anne Sennish, Addison Rd., says that she is probably the person who lives closest to the house that is in attendance at the meeting. Sennish would like to see someone living in the house and she would like to speak individually with members of Council after the meeting.

Drew Algase asks what the cost would be to make the house usable as a public building, to make an administration building. Longbrake replies $100,000 and Seeholzer replies $60,000. Ritchie adds that some money in Lands and Buildings can be used towards that end.

Council Member Seeholzer adds that the house has 5 bedrooms and in the beginning the thought was that in the future Kelleys Island might need housing for firemen and the house could provide a solution to housing needs.

Jason Smith, a realtor, says that when he was asked the worth of the house around June, he thought it was around $300,000 but since then the market has improved considerably and today J.Smith estimates that the value would be greater. Smith suggests that the village could get $350,000 for the property today, with or without the house. Smith continues that it is an old house and it would take a special buyer.

Stevenson says that he remembers that when Council bought the house it was to be used for EMS. The EMS facility was going to move there and money was available to rehab it. CT Consultants, then the village engineering firm, brought the availability of funds to the village’s attention.

Mayor Ehrbar adds that the Fire Dept. and EMS Dept. were going to contribute funds to the renovation.

Richard Schwartz asks if the Council had investigated all the options. He suggests renting it for a few years until Council was ready to implement future plans.

Council Member Longbrake says that renting the house was addressed as a possibility. Seeholzer adds that after the remediation was done nothing was left in the house and items would have to be purchased to make it rentable.

Zoning Inspector Minshall says that the village would need a change in use to be able to rent the house.

Chris Arnold says that Longbrake mentioned moving the house and then the land would be vacant but the village would still need to construct a building. Arnold suggests constructing a building that could be used to house tourists when they are stranded due to weather.

Clerk Treasurer Brown says that if the Mayor declares a community emergency, he can call the school board and have the school opened. In the emergency plan for Kelleys Island, the school has been designated as the emergency shelter. This summer Mayor Cooper did that for a Boy Scout troop whose leader came into the village office for help during one of the bad north easters.

Council Member Wolfe adds that the Golias house is one of the oldest houses on one of the most historic streets and he thinks Council should take that into consideration when making their decision.

4. discussion of local lodging tax:

Council Member Ritchie says that he introduced the lodging tax legislation. Council Member Ritchie thinks that the revenue will be $45,000 a year to the General Fund. He says that he proposed the legislation because he knows what will happen to the General Fund. Ritchie continues that the General Fund gets about $150,000 a year in Resort Tax. Ritchie estimates that there is about $2,000,000 more in sales on Kelleys Island that are not subject to the Resort tax. Ritchie believes that Kelleys Island has about $12,000,000 in sales now. He continues that he does not think that a local transient occupancy tax will detract from tourism.

Council Member Longbrake says that in May 2018, Erie County changed the definition of who is subject to their hotel/motel tax to include any number of rooms. Longbrake continues with a synopsis of the Erie County legislation.

Council Member Smith says that he met two times with Clerk Treasurer Brown and he and Brown agree with Ritchie that the village has a problem. Smith continues that he does not agree with the proposed solution. Smith believes that $50,000 can be cut from the General Fund budget. Smith wants to begin long term discussions with Erie County about what services Kelleys Island receives from the county for the tax money that goes to the county from the island. Smith would like to see a five year plan from the Kelleys Island service groups. Smith proposes that the 2019 budget for the General Fund be the 2018 budget with $50,000 in cuts.

Council Member Ritchie says that he thinks the 2018 budget will probably come in at $692,000 and that $50,000 cannot be cut from the budget. Ritchie adds that the Lands and Buildings area pays heat and other utilities for the village buildings.

Council Member Smith says that he has managed a lot of budgets in his career. He thinks the detail of spending needs to be stronger. Smith has asked the Treasurer for a monthly expense to appropriation report, which she already does quarterly, to be able to watch the budgets.

Minshall says that Smith is right and Ritchie is wrong; there is plenty of money in the budget. If Council sells the Golias House—problem solved.

Council Member Ritchie thinks that if the village sells the Golias house that only a 2% lodging tax would be needed.

Schwartz says that he heard that the local lodging tax money would flow into the General Fund and would be discretionary. Ritchie replies that the Village Solicitor verified that and that he has spoken with other local finance directors and they said the same. A local lodging tax would be handled like the Resort tax and go to the General Fund.

Several people in the audience ask who would enforce the local lodging tax and how would the village know if everyone was paying it and ask the same about the Resort tax. Clerk Treasurer Brown says that the Resort tax is collected by the State of Ohio. The Village sends to the State the names of vendors who get permits. The State contacts them about payment. Brown thinks that a local transient occupancy tax might follow the same format. The village would ask the Erie County Auditor to administer the tax.

Council Member Wolfe adds that the Village does not know who pays the Resort tax either.

Terry Haas says that she thinks the village should think about making the lodging tax 1 ½% instead of the maximum allowed 3%. Then everyone would be paying the same, 1 ½%, whether it was the Resort tax or the local lodging tax.

Algase asks if council knows if other city entities are implementing the 3%.

Lindsay Seitz says that instead of Mr. Ritchie working at generating $32,000 from a new lodging tax, his efforts would be better put towards making sure the Resort tax is all being collected. Focusing on an additional lodging tax will affect tourism. Seitz suggests a 1% across the board tax and a ticket tax on ferries and tourist boats.

John Granzier, 822 Woodford Road, says that tourism is the backbone of Kelleys Island and lodging fuels the businesses on the island. A 3% tax sounds small but it has further ramifications. Granzier would like to see it easier for tourists to rent. This tax would make it more difficult to rent. Recently property taxes have increased. Some people rent out of necessity. There is a lot that goes into renting: cleaning, supplies, utilities, maintenance of property, replacing broken items. Everyone will have to raise their rental fees. Granzier continues that Jason Smith manages about 30 rentals. Fewer rentals means less revenue in the economy. Kelleys Island has a short season and it is expensive to build on the island. Looking long term, Kelleys Island should focus on how to get more family tourism. This tax is not the answer; it will lead to less tourism.

Ed Meyers says that he bought a house in 2015 and he is using it as a rental. Mr. Meyers will be willing to pay 1 ½%.

Jeff Moyse, McGettigan Lane asks if the 4% tax is already done. The answer is “yes.” Moyse says that the village has to think of the cost to collect the tax and to police the tax.

Council Member Ritchie says that Erie County has agreed to collect the tax for Kelleys Island for a 2% fee.

Council Member Longbrake says that prices would not be raised, the tax is collected and has to be shown as a separate line item, like sales tax.

Chris Arnold says that property tax went up and he thinks that the first few line items on Council Member Ritchie’s revenue report are low. Arnold favors a lower tax than 3%. Arnold asks if Ottawa County has the tax and what the percentage is.

Erica Poston asks when a vote will be held on the tax.

Mayor Ehrbar replies that the third reading of the legislation will be at the November Council Meeting.

Council Member Wolfe asks if the vote could occur at any time and Council Member Ritchie answers “yes.”

Chris Yako says that people buy homes on the island and then they start renting them and the owners are not part of the community. Yako says that she supports paying the tax if the village needs the money. Yako think 1 ½% would be better than the 3%. The more people that come to the island results in more pressure on the island for services.

Council Member Longbrake says that the tax would be paid anytime after the stay.

Cindy Herndon thinks that the island does not get many services from Erie County and she hopes that Mr. Smith can get some answers before the next Council meeting. Council Member Smith indicates that such a discussion would take longer than two weeks.

Minshall asks if Longbrake is the representative to Erie County and Longbrake clarifies that he is representative to the Erie County Planning Commission.

5. Motion to adjourn, made by Seeholzer, second by Longbrake; all in favor; motion passed.

(adjourned 11:30 am)