



CITY OF TITUSVILLE

Page 1 of 6

City Council Special Meeting Proceedings **June 22, 2020**

CALL TO ORDER

Deputy Mayor Crouch called the Special Meeting to order.

ROLL CALL

Deputy Mayor Crouch, Councilman Witosky, and Councilman McCrillis.

NEW BUSINESS

PRESENTATION BY JASON DRAKE ON PITT PROPERTIES

Jason Drake presented his proposed plans for the Pitt properties located on Murdoch Blvd. – handout included photos of properties he had already done and biographical information on himself and his investor Jonas Hodges.

Mr. Drake pointed out that he upped his offer to \$200,000. He would like to have a right of way to use the driveway with Ball Hall for access to the garage. He has found a private investor since talking with Council previously – Jonas Hodges, a fellow lawyer in his firm, to invest \$500,000 into these properties.

Mr. Crouch asked if Mr. Drake had a chance to see the presentation given by Shawn Ritchie the previous week. Not in detail, he just watched the video Jim had posted online.

Mr. Drake started with Ball Hall and stated he sees this as a mixed use business hub and also assisted living. If the assisted living takes off then it could expand into the business area. The business area could have four uses: assisted living with an elevator in the rear portion of the building on the first and second floor with key card access as well as a cafeteria; office spaces leased on an individual basis by small business owners; (sidebar – about growing local economy, rather than just spending money locally you need to bring in business from the outside); B & B space/extended stay on the third floor or back section – the first space that the assisted living could grow into; and a cafeteria which would service the other three areas – possibly open to the public.

Parking – the biggest issue with the project – would the City be able to sell additional land? He would like to donate a public parking lot if the City cannot sell him the land – in other words, pay to have the City's property paved and his tenants as well as City residents would be able to use it for Evan's Lodge, the Splash Pad, etc. The alternative to that would be for him to demo one of the buildings, most likely the south townhouse building, western side but leave the eastern side which is in better shape.

Townhouses – these will not be low income housing which was a concern for Council. Everyone will be required to pass a background check and there will be an income threshold for rent. Every square inch of the buildings will be renovated and will be some of the nicest places in town. New kitchens with dishwashers, new bathrooms, new flooring/carpet, and painting will be done. Parking is still a concern – there are 10 spaces along Murdoch Blvd. available; parking under Ball Hall could be done with either a parking garage or enclosed garages. The north townhouse has parking along Spruce St. for

visitors – he would install steps.

Mr. Crouch stated that parking for each unit has to be off-street he believes.

Mr. Witosky asked how many vehicles he was estimating per unit. Mr. Drake said they planned on two per unit.

Schedule and costs – The north townhouse building is probably in the best shape so it is estimated at six months to complete, the south townhouse is estimated at nine months. These two buildings will run consecutively. Ball will be 12-24 months and will run concurrently with the townhouses but will start about four months after the townhouses. Total time on the projects will be about 18 months with an estimated budget of \$500,000 but that is flexible. Construction will focus on using all local contractors that are qualified. Some tasks, such as the elevator, will most likely require outside contractors.

Mr. Drake highlighted his qualifications and experience – he has a bachelor's degree in architectural engineering, a specialization in construction management, certified in residential construction, he's a lawyer, and a master's degree in electrical engineering. He currently has 31 apartments. He has ten years of hands-on experience doing projects. He highlighted his lifetime goal of developing a self-funded construction company and rehab houses in Titusville. The way it is self-funded is through the passive revenue from his other properties which will take a lot of properties. Flipping houses in Titusville doesn't allow for an owner to use the profit from one flip to fund the next. Mr. Drake has developed a three-phase plan: Phase I is focusing on cash flow – without the cash flow he can't put the company together. For the last five years he has been focusing on cash flow. He's buying properties faster than he can remodel them. Phase II – once he has the cash he will put the company together to start rehabbing houses, starting with his own properties. Phase III – will be the dream he started to rehab blighted properties in Titusville rather than have them fall in. Acquiring the Pitt properties will allow him to move from Phase I to Phase II faster. The revenue from these properties will be re-invested back into Titusville. Mr. Drake put together pictures of properties he has rehabbed.

QUESTIONS/COMMENTS
FROM COUNCIL

Mr. Crouch asked about his current properties, and if he hasn't put money into them, how will he catapult beyond that to fix them. Mr. Drake said money has been put into them but not to the level he would like. He has done enough to sustain the properties such as with a new roof.

Mr. McCrillis asked which property Mr. Drake expected to get the most out of. Mr. Drake stated it depended on whether they would be able to tap into the Medicaid program for funding on the assisted living side. But the townhouses would be quicker to rehab but the return would not be as high.

Mr. Witosky asked if he was considering assisted living or senior living because those are two very different things. With assisted living you need staff on site. Would that be your staff or contracted services? Mr. Drake replied that they hadn't decided on that yet. Mr. Witosky

also brought up Mr. Drake's business and that he would need to be at maximum capacity at the Pitt properties in order to have that level of income to pursue his dream. Has he completed a market study, plan to determine that he could fill those offices and attract people? No he had not done a study because it was still so early in the planning stages. That's why the building would be mixed use to start and expand into what area was prospering.

Mr. Witosky addressed the City property that had been designated as park property and it had limited uses and stipulations that it had to remain as park property.

Mr. Crouch asked what made him up his offer by \$50,000. That is money that could be used to remodel. Mr. Drake said because they had another offer on the table so he was willing to go higher. He also said if the other bidder countered to please consult with him before deciding. His investor suggested that he up the offer.

Mr. Crouch asked if he had assisted living in there if that would qualify him for grants. Mr. Drake would look into that. Mr. Crouch said the stipulations on parking for the grant might inhibit him.

**MEETING WITH TITUSVILLE
REDEVELOPMENT AUTHORITY**

Joe Thompson – Titusville Redevelopment Authority Board member – stated that Laurie Baker, Executive Director of TRA would not be attending a meeting with Titusville City Council. He will facilitate between the two groups. Laurie feels like she hasn't been given a fair chance to speak and comments directed at her have been rude.

Mr. Crouch read a letter from Mayor Peden as he was out of town and had prepared a statement in regard to COVID-19 and CARES Act monies going to local businesses. Administrative fees for such funds should have been discussed prior to any work being done and for TRA to hold the City hostage and delay assistance by a work stoppage is unacceptable. The TRA board needs to instruct her to resume the work.

Mr. Thompson feels there needs to be a dynamic relationship between the two entities. Administrative fees are baked into the guidelines by the federal government. The CARES Act funds are no different than regular CDBG funds. TRA took on projects that had been started by the City and is not taking administrative fees for those because there aren't any more funds for those years. No work stoppage has occurred and he apologized for the "theater". TRA has been administering CDBG for forty years and for twenty-seven of those it has been done by Laurie Baker and she knows what she's doing. TRA is in the midst of trying to hire a staff member that will work on nothing but CDBG. It requires a dedicated staff person because it is so much work.

TRA stated that they would not take the normal 18% admin fees allowed but would knock it down to 10% for CV funds.

Mr. Thompson sees this as an optic problem: Why are they taking this money away from Titusville businesses? You are asking an entity to do something today that they didn't have to do yesterday that requires time, energy, and staff. TRA has taken on no new projects since taking CDBG back because of time constraints. There has been talk of the City sending the CDBG administration to the

County, but that is the last thing the City should do.

Mr. Crouch said that Council had talked to the County before moving the CDBG funds from the City to TRA earlier in the year and Titusville is the only municipality in the County that they don't administer for, which is the only thing they do. If the Director feels like she can't talk to City Council then it is time to move the administration to the county.

Mr. Thompson voiced his concern of Titusville being a second thought if the CDBG is moved to the County. TRA needs to have a working relationship with the City. Mr. Crouch would like to hear more than one reason that the money needs to stay here and the County must be doing a good job for all the other municipalities to continue to allow the County to administer those funds for them. The County charges 6% fees rather than 18%.

Mr. Thompson directed the conversation back to CV funds and said TRA was having a difficult time finding businesses that could use the funds because if they have received any other assistance they can't receive these funds. If the funds are not used then they go back to the federal government.

Mr. Witosky asked how TRA was reaching out to businesses. He is a business owner and has not received other assistance but had not been contacted by TRA, nor had his neighbor or other businesses in the community. In regard to the admin fees, funding is usually around \$300,000 so 18% vs. 6% is a difference of about \$40,000 annually. Over one councilperson's term of four years, that is \$160,000 that could go into the community. He believes the community would like to see that money go back into the community rather than pay for a person to administer the funds.

Mr. Crouch asked how it would negatively affect TRA to not have administration of CDBG funds. Mr. Thompson said they would operate just fine but that the funds should remain in the community.

Mr. McCrillis clarified that the guidelines state administrative fees are up to 18%. Mr. Thompson said TRA has always taken the 18% and doesn't understand why now it's a problem.

Mr. Crouch asked why for the CV funds it couldn't be a lesser amount and then for future years the percentage be discussed. It shouldn't remain the status quo just because it's been done that way for the last 40 years. Is TRA doing the best for the community when many of the projects using CDBG benefit TRA and its properties?

Mr. Thompson asked how blight removal benefitted the City and noted that it had not been done since it left TRA.

Mr. Witosky asked Mr. Thompson from a business standpoint about paying someone 18% vs 6% to do a job. Mr. Thompson said that was comparing apples and oranges.

Mr. McCrillis agreed with Mr. Thompson that funds should stay in Titusville because Meadville/County has done nothing for Titusville, for example the Perry Street bridge. Mr. Thompson referred to Titusville as "the red-headed step-child". Mr. McCrillis stated that folks on both sides had gotten their shorts in a bind.

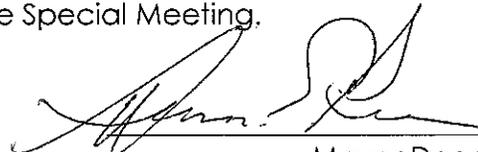
Mr. Thompson feels that if the fund administration goes to the County the City will get watered down work – we will get what we pay for.

Mr. Witosky pointed out that the new City Manager has a great working relationship with the County and knows everyone there. At various times he has reached out to them for answers to questions regarding CDBG funds when he hasn't received answers from the Executive Director and they responded right away. They were not being paid to assist Titusville but were more willing to answer questions than those being paid to do so. He asked if TRA would be willing to take a lower percentage so business owners could receive more in this case to help the community. Mr. Thompson replied that he could not answer that, he was not in a position to answer on behalf of the staff. He would take the question back to the board.

PUBLIC INPUT

James Elliott – 306 N. Franklin St. – Are TRA budget and salaries available to the public? Mr. Thompson wasn't sure, TRA doesn't have staff, TCDS does. The budget for TRA is available to the public.

Motion by Mr. McCrillis, second by Mr. Witosky and carried unanimously to adjourn the Special Meeting.



Mayor Dennis Peden

APPROVED BY COUNCIL

THIS 21st DAY OF July, 2020

I hereby certify the foregoing to be a true and correct copy of the minutes of the Special Meeting of City Council of June 22, 2020.



Heather Stewart
Recording Secretary

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