



LOBBYISTS FOR CITIZENS

April 4, 2019

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Mr. Keith Faber
Ohio Auditor of State
88 East Broad Street
Columbus, OH 43215

Dear Mr. Faber:

Lobbyists for Citizens is a 501(c)4 Non-Profit organization dedicated to upholding honesty and transparency in government at all levels. We are very concerned about a situation in Lake County involving the Lake County Ohio Port & Economic Development Authority (LCOPEDA) and their project known as The Better Flip Project and/or The Better Flip Concept Project.

The LCOPEDA, a port authority governed by ORC 4582, passed a resolution to accept the land and existing structure located at 557 E. 305th Street in Willowick, Ohio in December of 2017. A budget was supposed to be crafted prior to the Board taking on the project. The project's budget was set at \$150,000 (approved by resolution of the Board) and a transfer of those funds were made to a dedicated line item for the project in the general fund in March of 2018. In October 2018, Mr. Rantala, the Executive Director of the LCOPEDA and project manager for The Better Flip Project/The Better Flip Concept Project requested the Board approve another \$60,000 (making the total cost of the project \$210,000), which they unanimously approved. On February 27, 2019; Mr. Rantala again asked the LCOPEDA Board to approve an additional \$89,000 (making the total cost of the project \$299,000), which they unanimously approved. This project has now doubled in cost from the initial \$150,000 budget.

Lobbyists for Citizens is very concerned about the following:

1. It appears the LCOPEDA is attempting to circumvent the competitive bidding process as required by ORC 4582.12.
2. The project involves the remodel of the existing structure and the addition of 220 square feet (1,115 at the start of the project and 1,335+/- square feet upon conclusion of the project).
3. The project is over budget by nearly double (initial budget was \$150K and is now \$299K).
4. The LCOPEDA was given the land and existing structure by the Lake County Land Bank.
5. The LCOPEDA allows public comment in their public meetings, which is reflected in their Rules and Regulations; but has recently begun limiting questions to only one (1) question per person (this stipulation does not appear in the LCOPEDA Rules and Regulations).
6. Mr. Rantala finally produced a less than detailed financial accounting forty (40) days after our records request for the period of time from March 19, 2018 through February 20, 2019 (attached for your ready reference). He admitted in his letter to us that he "did Lobbyists for Citizens a favor" by producing the financial accounting because he had to create it, which means that it did not exist prior to production of that document, over a year into the Project.
7. Lobbyists for Citizens is still awaiting production of additional records requests from the LCOPEDA regarding the aforementioned project; well past thirty (30) days.
8. The dates referenced on Mr. Rantala's financial accounting of The Better Flip Project represent when money was paid to the various contractors.
9. Lobbyists for Citizens has created a detailed timeline of The Better Flip Project (attached for your ready reference).
10. Based on this detailed timeline of the Project thus far, there are serious irregularities in the entire contractor registration and permitting process, i.e. unregistered contractors performed work without a permit, and the contractors have already been paid for that work.
 - a. Lobbyists for Citizens has confirmed with Sean Brennan, Chief Housing and Zoning Inspector for the City of Willowick that during the period March 19, 2018 through February 20, 2019, only two (2) of the contractors performing work at The Better Flip Project house located at 557 E. 305th Street were registered with the City of Willowick.
 - b. Lobbyists for Citizens has confirmed with the Ohio Secretary of State that the two (2) contractors that were registered with the City of Willowick had their articles of incorporation cancelled and, to date, neither contractor has provided the appropriate documentation to the Ohio Secretary of State for reinstatement.

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- c. It is our understanding that the City of Willowick subcontracts out the permitting responsibilities to the Lake County Building Department.
 - d. Lobbyists for Citizens has confirmed that two (2) of the contractors that were not registered with the City of Willowick performed work at The Better Flip Project house located at 557 E. 305th Street and were paid for their work before a permit was obtained from the Lake County Building Department (permits attached).
 - e. Lobbyists for Citizens has requested a meeting with the Lake County Building Department to discuss the same but has not received a response to our email requesting said meeting.
11. Local contractors note that the tax payer is paying at least 2.5 times more to completely replace 3 basement walls than it should cost to replace all 4 (about \$30K versus the \$77K actually paid by the taxpayer).
12. *We have never seen a public entity work so hard to conceal information in every way possible.*
- a. Records requests are way past thirty (30) days old.
 - b. Questions in board meetings are limited to one (1) question per person, starting with the February 2019 LCOPEDA Board meeting.
 - c. LFC attempted to attend the March 27, 2019 LCOPEDA Board Meeting prepared with our one (1) allowable question, and the Board immediately went into Executive Session where they remained for at least 2.5 hours (the people, members of LFC, and even a Lake County Commissioner who is also VERY concerned about this Port Authority Project were left sitting in the hallway for 2.5 hours before had to leave).

The Executive Director, Mark Rantala, and the entire board of the LCOPEDA are derelict in their fiduciary duty to the Lake County taxpayer as they have not been good stewards of The People's money. We are very concerned about the serious irregularities with the entire permitting and contractor registration process.

We are also very concerned about the fact that the budget was adjusted up twice from the "not to exceed" budget of \$150,000 to the current budget, which is now \$299,000. We believe that the LCOPEDA has purposely circumvented the competitive bidding process.

When the land and existing structure was given to the LCOPEDA, we are very, very concerned about the project costs of \$299,000 when a bungalow is being remodeled with an addition of only 220 square feet. For nearly \$300,000, the existing structure could have been torn down and two (2) homes constructed for that price. Something just is not adding up.

How will the LCOPEDA be able to sell this house? In the State of Ohio, a seller must disclose all known defects with a property. Therefore, it MUST be disclosed to a potential buyer that 3 of the 4 basement walls had to be completely redone, the dye test for the sewer failed at the house side so that had to be fixed; and work was performed by an unqualified general contractor, Mark Rantala, who used contractors that had their business credentials canceled for not paying taxes/filing required forms and unregistered contractors who did a lot of the work without permits. Will the taxpayer ever recoup ANY of this \$300,000?

Finally, it appears that there are two sets of justice and two sets of rules...one for the government and one for those they rule. Private contractors would have been shut down and fined, yet this government entity LCOPEDA continues to operate unfettered even though the rules regarding contractor registration and permitting were not followed. Why?

Please accept this letter as our formal complaint against the LCOPEDA for violations of the ORC and our request that a thorough investigation into the Port Authority project known as The Better Flip Project and/or The Better Flip Concept Project be commenced post haste.

Sincerely,



Brian Massie, President

Attachments