

**THE CITY OF KENT, OHIO
FINANCE COMMITTEE
WED. , OCTOBER 3, 2007**

Wayne Wilson, Chair, called this meeting of the Finance Committee of Kent City Council to order at 8:01 p.m. on Wed. October 3, 2007.

PRESENT: MR. BARGERSTOCK, MR. FERRARA, MR. HAWKSLEY, MR. KUCHAR, MS. OSWITCH, MR. SCHULTZ, AND MR. WILSON.

ALSO PRESENT: J. FENDER, MAYOR; D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; S. CHESTNUTWOOD, ACTING CLERK OF COUNCIL; M. WEDDLE, ECON. DEV. COOR. G. ROBERTS, SERVICE DIRECTOR; W. LILLICH, SAFETY DIRECTOR; GARY LOCKE, ACTING COMM. DEV. DIRECTOR; E. ZORC, H.R. MANAGER; AND B. RISSLAND, BUDGET & FINANCE DIRECTOR

**ABSENT: MS. GAVRILOFF & MR. DELEONE, COUNCIL
L. COPLEY, CLERK OF COUNCIL**

Chair Wilson said the first item on their agenda deal with the new Business Development Center tenant. **Dave Ruller, City Manager**, explained that Mike Weddle, Economic Development Coordinator, would discuss this item.

Mr. Weddle stated they received an application from Localingua, a start-up company that offers full service localization and translation services to companies and individuals. He said they have a close link with Kent State University and they want to maintain the proximity to the university for a labor force and cross- cultural purposes. He said the owners have completed the required application and have an excellent credit history. Mr. Weddle said the submission has been reviewed by Rellis Money Penny of Money Penny Realty, who is the City's property manager. He said Mr. Money Penny has found the submission to be in order. Mr. Weddle said the staff recommends that Council favorably consider the Localingua application and to grant the administration the authority to negotiate and execute a lease with Localingua so that they can occupy the vacant space in the Business Development Center. He said because of time constraints, the staff also requests that this be passed with an Emergency Clause added to the legislation. He asked if there were any questions.

Mr. Hawksley asked how much square footage this involved, and Mr. Weddle said it is between 880 and 900 square feet, depending on who does the measurement.

Mr. Hawksley said he assumed that the rent was equivalent to the others per square foot, and Mr. Weddle said they are using a standardized formula and have equalized all the rents in the Business Development Center.

Ms. Oswitch asked if a tenant could extend the lease at the end of the incubator lease, and Mr. Weddle stated that they would have the option to negotiate a lease with the City to continue at that location however the City does not have to continue to lease to them after the five year stated term. He said all the contracts and the amendments should have that clause in it.

Mr. Bargerstock asked if there were any other applicants for this site, and Mr. Weddle replied there was only one application. He said there were two other calls but no one requested an application.

Mr. Bargerstock asked if the people would have an opportunity to work on the property prior to the beginning of the lease and Mr. Weddle said the start date of the lease is November 1st. He said there are not a lot of leasehold improvements, adding they estimate about \$5,000 with most of that being furniture and fixtures that the owner is going to put in on his own. He said they do not require any alterations to the space other than some wallpapering or some painting. Mr. Weddle said they would have the time between the approval of Council and negotiations by the administration to put the place in order as has been done with all previous tenants.

Mr. Bargerstock stated that other tenants have told him that they did not have that opportunity. He said some have complained that before they could do any alterations or improvements, they had to pay their deposit and rent. He said one tenant said they had paid rent for over a month while making leasehold improvements and was not in business.

Mr. Silver said they had met with that tenant because she had been referred by Council and she had forty days to set up her business before she had to pay the month's rent and she also had ten days to work before her rent was actually due.

Mr. Kuhar asked what the amount of the lease was, and Mr. Weddle replied that it starts out at \$220 per month. He said the second year the rent is \$264 per month; the third year is \$286 per month and the fourth and fifth year is \$289 per month.

Mr. Schultz asked if Mr. Weddle or Mr. Silver would take the fall if there were a problem with the lease, and Mr. Weddle replied he would take the fall.

Mr. Wilson asked if there were any questions from the audience.

Mario Morelas: Mr. Morelas said he has been business for one year and has two years experience. He said he was very excited about the opportunity to have a partnership with Kent State University.

Mr. Schultz asked if he would stay in Kent if he made a lot of money, and Mr. Morales said he would stay, even if they grow. Mr. Schultz said he meant his residence, and Mr. Wilson commented that Mr. Morales did not have to answer that question.

There were no other comments from the audience.

MOTION TO AUTHORIZE THE LEASE FOR 201 E. SUMMIT STREET BETWEEN THE CITY OF KENT AND MARIO MORELAS, dba LOCALINGUA WITH THE INCLUSION OF THE EMERGENCY CLAUSE.

Motion made by Ms. Oswitch, seconded by Mr. Hawksley, and carried by a voice vote of 7-0.

Mr. Wilson said the next item on the agenda was the Capital Improvement Plan. Mr. Ruller said it was included in their packet, and is the 2008- 2012 Capital Improvement Plan. He said there have been a number of reviews and some shuffling of the projects. He said the plan is as good as it could be at this point. He said they had a few items that could be discussed. Mr. Ruller said that **Barb Rissland, Budget & Finance Director**, would provide an overview for them.

Ms. Rissland said she would discuss the 2008 capital projects and what has changed from previous information. She said that all of the items are the same until they get to the Service Administration Complex that was in the plan previously for new asphalt for \$50,000. She said the Service Director has requested that be changed to full depth repair and exterior painting. Ms. Rissland said they had the money in the 2006 budget, but used it for the HVAC system, so it was not used for exterior painting. She said one major change would be the addition of a new paver requested by the Service Administration. Ms. Rissland said some of the Central Maintenance crew would do some pavement repair. She said the cost is \$56,000 and they would try it on a trial basis to see if some money could be changed.

Ms. Rissland said the next major change is the Fairchild Bridge Project estimate that has been dropped in 2008 by \$1,250,000, with \$750,000 of that money has been put in the following year. She said it was a timing issue. She said they might need to return for extra money in the future for property acquisition and other items, if they come in over budget.

Ms. Rissland said the inclusion of \$100,000 for the annual sidewalk repair/replacement program is not just for sidewalk work, but concrete work in preparation for the street program in 2009. She said the street program would return after two years of having to use those monies for the Fairchild Bridge project.

Mr. Schultz asked her to clarify the sidewalk issue. Ms. Rissland said they are putting \$100,000 in for sidewalk repairs, as well as concrete work. She said if a street were identified for work in 2009, they would go ahead and repair any curbs, sidewalks, or driveway aprons in preparation of a major street resurfacing the following year. Mr. Schultz asked if they were including curbs and drive approaches, and Ms. Rissland said this was requested by the Engineering Division who felt that instead of just doing sidewalks, they could get a better price for additional work. She said they may spend \$125,000, but the amount spent on the street program the following year would be less. She said in the future years, instead of a separate street program and sidewalk program, they will be combined into one program so Engineering could better allocate monies to the prep year when the curbs, driveways and sidewalks would be done. She said the actual street resurfacing would be done the following year.

Mr. Schultz asked how much was spent for curb work on Water Street, and Ms. Rissland said she would have to check with the Engineering Department. Mr. Schultz said they do not want to see a reduction in the sidewalk monies. He said that Water Street used a significant amount of money on the curbs.

Gene Roberts, Service Director, said that a new AMATS program was used as part of the funding so the City only paid 20% of the sidewalk improvements, while 80% was federally funded on the resurfacing project. He said the intention was

to move the objects that cost high dollars with the street program contractor into the sidewalk contractor's venue. He said that in essence, a small contractor could do a small job cheaper than a big company. Mr. Roberts said this has been based on the last few years, and has been successful. He said that by combining the two, the staff has the ability to spend more on sidewalks, while still taking care of the streets. He said they try to be a year in front of where they actual pavement occurs. He said in 2009, they would catch up on some of tree-related sidewalk issues and get the City in front of the pavement contractor in 2009. He said in 2009, the total amount would be allocated, including the concrete repair needed.

Mr. Schultz stated he would be curious to track how much would go toward actual sidewalk replacement versus curbs and driveways. Ms. Rissland stated the City is not going to be losing out. She said the money is not strictly going to whatever project is coming up but to other areas as well.

Mr. Roberts said they tried to balance the street tree damage repair with the City's obligation for the matching sidewalk program that Council has 50% participation for owner occupied. He said those program repairs have some infill and then the additional monies in 2009 come out of the Street Program. He said they would be spending less but accomplishing more with a small contractor.

Mr. Kuhar asked if there was \$5,000,000 allocated for a new police facility, Ms. Rissland replied that was the next item on the list that is a major change. She said they have bumped the new police facility design from 2009 to 2008. She said there has been on going discussion about a facility combined with the County and other government entities. Ms. Rissland said in order to accomplish that; the new police facility is needed sooner than initially planned. She said she has moved the design money from 2009 to 2008 so they can get preliminary ideas on the cost.

Mr. Kuhar asked if Council has already approved the move of this facility, and Ms. Rissland said it has not been approved. Mr. Hawksley said it has been in the Capital Plan a long time.

Mr. Schultz asked if the Police Department would be moved down by the County courthouse, and Mr. Lillich said no location has been selected. He said they have been working toward identifying who might be a partner in the building. He said they have a list of several areas that are being examined to determine how they would meet the needs of the various organizations. Mr. Schultz asked if the County was investing in the current location, and Mr. Lillich replied that the County is improving the parking where the building has been razed. He said they have not made any commitments to make any building changes at the existing site. He said they are talking to other organizations but have no firm commitments.

Mr. Ruller stated that the County is also actually contributing towards the review of the possible joint facility. He said there are no numbers to quote because not enough preparatory work has been done.

Mr. Schultz said this involves a lot of money, so all of the City's ducks should be in a row before the money is spent.

Ms. Oswitch said there is a concern about the Miller Street sewers and she did not see it anywhere in the Five Year Capital Plan. Ms. Rissland said it is planned for 2007, and the plan they are reviewing is for 2008-2012.

Ms. Rissland stated that the next item, the State Route Street Light Repairs/Replacement, is a very significant change. She said there have been some problems with the bulbs on the streetlights. She said they are funding it over three years. Ms. Rissland said if they could get in to investigate, they might know more or expand further out. She said they are on different circuits so several would have to be taken down at a time. She said they would spend \$250,000 to start with the worst of the repairs in 2008, \$200,000 in 2009, and \$200,000 in 2010.

Mr. Hawksley asked if there was any federal matching money, and Ms. Rissland said she has not heard of any at this point. She said they would be looking for any monies that may be available.

Ms. Rissland said the next significant item is the sewer camera that will be funded out of both the Sanitary and Storm Water Utilities. She said this camera is helpful because it will identify utilities and identify problems without actual excavation that would be a lot of additional cost. She said there has been shifting of some smaller projects from one year to the next, nothing major. She said there has been some discussion on problems with water main breaks. Ms. Rissland said there was initially \$50,000 for the Middlebury Water Main Design, which would reline water mains but there were no actual lines that the City was going to start on. She said the monies have been moved up a year and it has been earmarked for the Middlebury Road Water Main Replacement. She said they did not have the funds to construct the Middlebury Road Pump Station until 2013, and the Engineering Division did not think there was any need to design it if it

was not going to be constructed for 5 years because the cost and the design might be stale. She said they would wait until they are closer to put in design monies.

Ms. Rissland said the \$750,000 coming in 2009 is the remainder of the Fairchild Bridge Project. She said there are also additional funds in the plan for water tank painting, which is a new item.

Ms. Rissland said another fairly major component of the plan is the projections that are done. She said they go back to show five years back, the actual year's budget, and five years out. She said the top section of the print out shows the revenues, adding there are some sections that do not show numbers. She said she wants to convert the budget and actual expenditures to a PDF format to put it on the website. She said the most important thing to review deals with the actual amounts. Ms. Rissland said the current year's budget and the out year's budget are estimates only based upon trends. She said that the plan shows that the JEDD income has doubled for 2012 because the Franklin Township JEDD money will double and then in 2011 the city will lose the Tangible Personal Property Tax. She said there would be a drop in property taxes and the interest rate has fluctuated from 2002 to 2006. Ms. Rissland said there has been a fifty-point basis drop by the federal government and that will affect the City's interest earning in the upcoming years. She said the expenditures are based upon a 3% projected increase over the current year of 2007 budget. She said using those numbers is the same position they have in the 2007 budget whether or not they are filled. Ms. Rissland said if they were allocated and not filled, they are still in the out years. She said other financial sources or uses are identified such as borrowing and grants. She said the City has to spend some funds on the Fairchild Land Acquisition first and then get reimbursed later. Ms. Rissland said the City would, hopefully, get it back in 2008. She said there is \$5,000,000 in the budget and in 2009; they will probably have to borrow it for the new police facility. She said there would be an increase in debt service.

Ms. Rissland said the capital outlay is the dollar amount that is shown in the Capital Plan. She said the Charter requirement, the Manage Reserve amount, and the fund balances are shown at the bottom. She said this plan shows that the City will be eating into their fund balance each and every year, if they do all capital and fund all positions.

Ms. Rissland said the second spreadsheet was on the Storm Water Drainage Fund, adding that the City implemented the Storm Water Utility in 2001 and it generates about \$560,000 per year. She said that part of this money is going to be designated for the flooding reserve. Ms. Rissland said there is no project identified at this time. She said the program has not been finalized as far as taking money out of it but when the program is finalized, money can be drawn out to deal with flooding issues. She said there are no storm water projects budgeted for 2010, 2011 or 2012 but some studies are being done. She said they felt that it would be better to wait until some of the studies came back before any money was put in the budget. She said there should be some work at Mogadore and Cherry storm water near Plum Creek but is not sure what needs to be done.

Ms. Rissland said the Water Fund Analysis is the next sheet included in the packet. She said that it looks pretty good and there is no need for a rate increase. She said there would be a deficit in 2012; however that is far enough out. She said that typically the City does not spend every penny that is budgeted so hopefully there will be a little more in revenue than what is projected. She said they keep an eye on this and re-evaluate it to determine if a rate increase is needed. Ms. Rissland said she did include the money for the license tax and did increase the money going into the street program in 2009, 2010, 2011 and 2012. She said in 2009, 2010 and 2011 there is \$700,000 for the street/sidewalk program. She said in 2012, it dropped slightly because there were funds in there for the Summit Street Signalization Program, which is 20 %, as 80% is coming from outside sources. She said that could also be reevaluated, as the time gets closer.

Ms. Rissland said the final analysis is for the Sewer Fund, and the City is okay as far as the rate increase. Ms. Rissland said the 2% flooding reserve is coming in at \$64,270. She said both the Water Fund and Sewer Fund have benefitted from the vacant positions. She said many of the positions are safety, but there is some funding from the City's Enterprise Funds. She said one of the major items is Debt Service that they are paying off and will be dropping through the years.

Ms. Oswitch asked when the policy for the Flooding Reserve would go into effect, in case there is major flooding. She said she would like to see it utilized the right way because the City is getting the residents' money. Ms. Rissland stated that was the Flooding Program that Mr. Lillich presented, and Mr. Roberts is working on the implementation of the policy. Ms. Oswitch said she just wanted to make sure they were not collecting money that was just sitting in an account.

Mr. Roberts stated there are actually three programs that they were going to try to roll into one, including the Ohio EPA Mandated C-Mount Program for sanitary sewers; the Storm Water Management Plan; with the third program being this program. He said it is going to take some time to set it up so that it is efficient and will accomplish all that they want it to do. He said it would take a full time staff person that will have to meet with people to identify their individual issues with

illicit storm water corrections and then follow up. He said there has been one claim that has come through that was approved by the City Manager.

Ms. Oswitch asked if it would be better to hold off collecting everyone's money before there was a program that it could be utilized for, and Mr. Roberts replied that they had an event in 2003. Ms. Rissland said that was part of the program the previous year. She stated that the program was not identified but the City was strongly urged to go ahead and implement the 2% increase. She said this would probably come back in the discussions. She said her concern is the full time position to investigate the problems would cost \$64,000 annually, leaving nothing left to do the improvements. She said it should be discussed whether they should increase the monies in this program, or reallocate a position that is already out there. She said if there is a decline in the City's capital projects, perhaps some of the staff could be used that were not working with some of the construction projects and reallocate their time and maybe get a partial position.

Mr. Kuhar asked Mr. Roberts if the City currently has a sewer camera, and Mr. Roberts said they have a camera, that has been in the shop for eight out of the last twelve months. He said without that camera, if there is a problem, the only alternative is to dig up the area. Mr. Kuhar asked if there was someone else that has a camera that provides that service. Mr. Roberts replied he does not have an hourly rate but typically they have a package that might include using one for a day at \$1000 up to \$20,000, depending on what they are doing. He said their camera is available 24/7. He said it is more an emergency response than it is a program-scheduled response. Mr. Kuhar asked if this camera is different than one that is put down your drain. Mr. Roberts replied it is totally different. He said it runs on a tractor and measures so that the staff knows exactly where they are into the system. He said it is operated by a computer and with the videotape they get back, it can ultimately be digitalized. He said it does a lot more than the 9" screen that drain companies bring in to check out drains. Mr. Kuhar said that it would be very expensive to rent. Mr. Roberts stated he does not have a rate but the big issue is response time, which is important. Mr. Kuhar asked what kind of life expectancy could the City expect from this camera. Mr. Roberts replied that the camera they have now is about 15 years old so the cost would be about \$5000 a year.

Mr. Bargerstock asked who was responsible for the language under Other Considerations, and Ms. Rissland said it was the same language as the previous year.

Mr. Bargerstock said there have been some changes in the language and asked who made the changes. He said there were some recommendations and discussions in the plan and he was curious where the philosophy of the other considerations was coming from.

Ms. Rissland replied she believed it is exactly what was in previous year's plan. She said it was not updated because there were no significant changes.

Mr. Bargerstock said he was concerned because there was discussion on how Council should consider a sewer rate increase to address the condition of the inflow. He said promises were made to residents that the funds from the storm water utility would be used to fund a solution to their problems. He said instead of doing that now, there is a recommendation to Council to increase the sewer fee to deal with the issue. He said the problems have not been addressed, and it seems they are being hypocritical.

Ms. Rissland said that could be a consideration in the out years for those funds where there is no capital projects funded in the last three years of the project. She said they would work with Engineering to see if there are any areas that they believe have a storm water inflow problem into the sanitary sewers.

Mr. Roberts stated additionally that part of this is ongoing as they identify I & I as part of the proposed program working with the residents. He said they have to pull that back out of the system of the infiltration or direct connection. He said a lot of the work was done. He said it is an ongoing issue and until all the I & I are out, they will never be where they need to be. He said during a typical day, the Water Reclamation Plant sees 3 to 4 million gallons a day, and during the 2003 rain event, they saw in excess of 12 million gallons. He said that means the rainwater got into the plant.

Ms. Rissland stated that is part of what would be used. She said the Storm Water Flooding Reserve was not only storm water issues but to get rid of the infiltration also. She said in order to participate; a person has to show that they are actually connected to the storm water and not to the sanitary sewers.

Mr. Bargerstock asked if Ms. Rissland had any problem with rephrasing the language to indicate they would use storm water money instead of increases to the sewer fees, and Ms. Rissland said it would probably depend on the nature of the problem to identify the proper source of funding. She said if the inflow is actually storm water disconnected to a sanitary

sewer, then perhaps that language could be put in. She said if there is a problem where there is a bad sanitary that is getting inflow by virtue of a pipe being cracked, that is clearly a sanitary sewer issue. Ms. Rissland said those issues have to be separated. She said when a fee is charged; it has to be used for a specific purpose.

Mr. Bargerstock said if something is not in the Capital Improvement Plan next year, in terms of institutional memory, that there are storm water funds available for inflow, the new people would not be aware of it. He said when the next year's Capital Plan is approved, he would like to see some institutional memory that a big tax is being charged to the citizens and they want to use it for something that they promised.

Ms. Rissland said that it is recommend there be \$150,000 annually to address the situation of inflow and they do not have the money in the budget. She said the only way to include it in the budget is via a rate increase.

Mr. Bargerstock said he was suggesting that was the reason for the storm water utility fee. He said he understood the big problem the City has with the storm water and sanitary sewer system, and that not all storm water comes into the sanitary sewer systems from misconceptions. He said that some might occur because of broken sanitary lines. Mr. Bargerstock said there is no mention of using the storm water utility fee, so he is suggesting they put it in the document so it is institutional memory for future Council members to understand it's purpose.

Ms. Rissland asked Mr. Bargerstock if he wanted to say, "to utilize Storm Water Funds where appropriate", and Mr. Bargerstock said he would like to see something in there. Ms. Rissland said that she believed there were Capital Storm Water Projects that were identified as being part of the need for having the storm water utility. She said that several projects have been done.

Mr. Bargerstock said when people are asked for a rate increase, they should get the whole story and not just part of the story. He stated he did not remember Council ever making any kind of authorization or suggestions that they should use capital funds to build for the Parks Department when they have no source of funding. He said he was referring to the Parks Maintenance Complex. Ms. Rissland replied it was not funded. She said it was put in there for other consideration. She apologized because she ran out of time but these are other considerations that have been in there before but have not been addressed. Mr. Bargerstock stated that should come out of the fund. Ms. Rissland said nothing should be funded if Council does not approve it. Mr. Bargerstock said he understood that, but that was not his question. He said it was an inappropriate consideration and he did not remember the Parks Department coming before Council. He said if the Parks Department wanted to come before Council and make the suggestion, they could but they should not sneak it in the back door.

Ms. Oswitch asked if the City was talking to Franklin Township about connecting to them for the Horning Road Improvement Project. Mr. Roberts said he had a conversation with Franklin Township and the ball is in their court. He said they agreed that building a small retention pond in the extreme upstream end of this flooding problem for the area is not going to completely correct the problem. Mr. Roberts said at some point, they were going to come back to the City with some alternatives and possibly partner with Kent to try to offset their cost for their project while they eliminate Kent's problem. He said at this point, the Township has not gotten back with him.

Mr. Hawksley asked if there was a dollar cost for those improvements, including sidewalks, and Mr. Roberts said he did not have them. Mr. Hawksley said he would rather see a smaller police station rather than wait another five to ten years to fix the serious pedestrian problem.

Ms. Rissland stated that the numbers that are shown in the 2008 Capital Plan will also come back during the 2008 budget process that will be listed as individual items when it is presented to Council.

There were no comments from the audience or questions from the council members.

MOTION TO AUTHORIZE THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AS PRESENTED.

Motion made by Mr. Schultz, seconded by Mr. Ferrara.

Mr. Schultz said it was a good program.

Mr. Bargerstock said he had no problem with the program but had a problem with the Other Considerations so he wanted to make a motion to amend the motion.

MOTION TO AMEND THE MOTION TO REVISE IT TO REMOVE THE SECTION “OTHER CONSIDERATIONS” FROM THE CAPITAL PLAN AND PLACE IN COMMITTEE FOR FUTURE DISCUSSION.

Motion made by Mr. Bargerstock. The motion died for want of a second.

Mr. Kuhar said he was in favor of accepting the plan.

Mr. Hawksley said the plan was very good. He said he was encouraged that the administration, safety director, and police department was working together with the County. He said he does hope that the City can save some money so that Horning Road can be put in the Plan.

The motion carried by voice vote 5-2, with Mr. Kuhar and Mr. Bargerstock dissenting.

Mr. Wilson stated the next item on the agenda was renewal of the Kent City School's parking lot lease in the West River Neighborhood. Mr. Ruller said this issue was discussed in the spring with the Masonic Temple parking lot discussion, and this is another piece of that which is actually up for renewal. Mr. Ruller said a number of people are urging the City to renew the lease. He asked **Gary Locke, Acting Director of the Community Development Department**, to discuss this issue.

Mr. Locke said the staff recommends renewing the lease at this point. He said it continues to be a stress point because of the availability of parking in that area. He said of the three parking leases that the City was leasing, it was the Council's decision to end the lease with the Masonic Temple at the end of September. Mr. Locke said they have held discussions with the school to see if they were still interested in leasing and they have indicated that they were interested. He said the school drafted a proposed lease that all Council members should have.

Mr. Locke said it is on the same terms as before, with the monthly lease amount increasing by 5% per year. He said they could set the lease at three or more years. Mr. Locke said there would be a first year and then there would be two-year increments after that, if needed. He said the staff has tried to look at other alternatives that might exist. He said a meeting was held with Mr. Roberts, Mr. Lillich, Mr. Ruller and himself and they tried to determine if there were alternatives to consider. He said there might be some but he did not know if there were any short term answers to the parking issue. He said it appeared to the staff that this particular scenario with leasing these two lots is the best and cheapest short-term solution that is available.

Ms. Oswitch asked how many permits were sold for that lot, adding she wanted to know if the City was making back the \$4824 they were spending, and Mr. Locke said he did not have that information but could get it for her.

Ms. Oswitch asked if the City was receiving compensation for its payment, and Mr. Locke replied he would have to do some research on that.

Ms. Oswitch asked if the schools could give them the lot for \$1 per year, since the City is paying for the gravel, cleaning, snow removal and vegetation, since the city is doing all of the maintenance on it. She said it is a lot of money to ask for a parking lot, and questioned whether this was ever discussed. Mr. Locke said he was not in on the initial discussions. He said he could not say how they arrived at the initial numbers. He said if Council wants to lease it for a year, he could ask them. He said he did not think they would be interested in doing that.

Mr. Kuhar asked who actually used the lot for parking, and Mr. Locke said that people who are in the Bissler/Carlson building and West River Place use it. He said that some of the people from the doctors' offices use it. Mr. Locke said the City does not lease the entire lot and believes Family & Community Services uses part of the lot. He said the West River Neighborhood businesses use it. He said the owners of those businesses have indicated that they need to continue to use it.

Mr. Kuhar said he had spoken with Mr. Frisone and he had said it did not matter one way or the other. He asked if everyone using the lot pays for a parking fee. Mr. Locke replied he did not know because he does not monitor that.

Mr. Lillich stated that the Parking Enforcement staff checks the lot regularly. He said there are 39 spaces attributed to the lot and the city leases 32. The school uses some of the spaces so the remaining 7 are under the control of the school. He said there is regular enforcement activity there.

Mr. Hawksley asked what was the City's cost per space per year. He said he has no problem with leasing it as long as the City's time is covered and being compensated fairly. Mr. Locke replied that the cost is about \$11.82 per space per month. Mr. Hawksley said on top of that would be the cost of policing, maintenance and selling permits.

Mr. Bargerstock asked if the Parking Action Committee reviewed this, and Mr. Locke said they did not renew it. Mr. Bargerstock asked whether they were long term or short-term parking spaces, and Mr. Lillich said they are ten-hour parking permits.

Mr. Bargerstock said what they mean is the lot is not for customer parking, but rather, it is for employee parking and for the business owners.

Mr. Locke said that he did not think any of the companies would want to have any clients parking up there, adding that the employees would use it.

Mr. Bargerstock asked if it was known what the vacancy or occupancy usage was, and what percentage of the lot was being used, and Mr. Locke said he did not have that number. He said he would check with the parking compliance officer. Mr. Lillich replied that use in this particular lot is not very frequent.

Mr. Bargerstock stated he was having a hard time understanding how the staff can recommend approval of this when the usage is unknown and the Parking Action Committee has not reviewed it. Mr. Locke replied that when the staff worked with the businesses when they came into the buildings being discussed, they needed some type of commitment from the City to assist them with parking because they did not have it. He said the City did various things such as leasing additional parking spaces that they could be utilized primarily for their employees. He said that was part of the discussion with those businesses from Day One. He said the Masonic Lot has been eliminated because they realized there was no utilization of that lot. Mr. Locke said the businesses still need additional parking. He said if the City is going to try to assist them with that, it becomes a matter of looking at what is available, retaining it, or doing something to expand it. He said those same businesses have approached the staff indicating that they need even more parking than what they have. Mr. Locke said the City has told these businesses that they need to utilize what parking the City has already provided. He said more full utilization of what is provided is needed before the City takes the next step. He said they are trying to continue along the same spirit. He said if the City did not provide the parking, it would be putting the businesses in a difficult situation. Mr. Bargerstock asked if these businesses could lease the lot directly, and Mr. Locke stated the City began with commitment initially.

Mr. Ferrara asked if the businesses wanted more free parking, and Mr. Locke said that was probably their preference. He said the staff attempted to have a meeting with the stakeholders but only a couple showed. He said they would prefer not to have to buy permits but that is the way the system has been set up.

Mr. Fender asked if parking is an issue in that area, and if there were any future pro-active plans to look into the situation. Mr. Locke said that the staff has discussed some different alternatives. He said the City Manager approached the Library and asked if they would still need the spaces they leased at the church since they just built a new facility, and they responded that they were still evaluating their parking needs so they were not ready to make that decision. He said the Library leases about ten spaces at the church, and if they do become available, the church would probably lease them to the City, which might help the situation to some degree. He said the cost might be traded from one parking lot to another but the church is the prime location. He said they have also discussed redesigning the City lot on the corner of West Main and Gougler, and whether more parking could be squeezed in there. He said it would be possible but the lot would have to be redesigned and they would have to consider what was going to be given up in terms of landscaping. He said at one time, there was discussion to put in the proposed parking lot on the north end, but this has been put on hold. He said there are some other alternatives but none of them are going to be cheap and would require more of an outlay of money than this lease. He said for the short term, this seems to be the best choice.

There were no comments from the audience.

MOTION TO REFER RENEWAL OF SCHOOL LEASE FOR PARKING IN THE WEST RIVER AREA TO THE PARKING ACTION COMMITTEE FOR REVIEW AND RECOMMENDATION.

Motion made by Mr. Bargerstock, seconded by Ms. Oswitch.

Mr. Kuhar said people need to help themselves. He said he would like to see who is using it, and what commitment people would make for their share. He said he would vote for the motion.

Mr. Bargerstock said he was against it from the beginning. He said the Parking Action Committee has done a very good job. He said they should look at it and to not have them take a look at it would be the wrong thing to do. He said he would like to see what they have to say.

Ms. Oswitch said she liked that idea because she was not sure if she was going to vote for it the way it was represented. She said she wanted to know that the City is selling permits and that the City is not paying the money for just a couple of people to use it.

Mr. Ferrara said it does make sense to have the Parking Action Committee review the proposal. He said the purpose behind the parking was to attract and retain businesses here in Kent and he is certainly in favor of doing that. He said the staff should have some utilization figures for the Council and the Parking Action Committee. He said he is in favor of continuing the parking, but if it is being under utilized and if it is known that there is an issue, perhaps a better deal could be renegotiated.

Motion carried by a by a voice vote of 7-0.

Mr. Wilson stated that the next item on the agenda was the review of the merit pay policy. Mr. Ruller said that Council had requested that this item be put on the pending list to return to committee. He asked **Liz Zorc, Human Resources Manager**, to give a quick summary to Council.

Ms. Zorc said the City's merit pay policy was created to provide specific guidelines to reward employees who have consistently performed at levels exceeding department expectations and also to provide incentives for employees to become more proficient and committed to their jobs. She said the policy was created in 2005 to expand and clarify definitions of exceptional employee performance as well as reasons any employee may not receive merit awards. She said the majority of the City employees are members of one of the five bargaining units represented in the City and are contracted to address procedures and amounts of possible merit salary award for their memberships. She said the Police and the OPPA contract provides a merit pay incorporated with a skill incentive plan and also has a review of their merit proposal increases by a labor management committee. She said that the fire contract also has a labor management committee doing oversight and also provides for a step increase annually after the start of the employee's second year until they reach the top of their range.

Ms. Zorc said the employees in the General Compensation Plan, who represent about 22% of the work force, receive merit salary awards as outlined in the Merit Salary Adjustments Policy. She said that all merit salary awards are tied with the annual employee performance evaluation, which provides a numerical rating from 1 to 5 in each category and for the evaluation total. She said the information that was provided in the Council's packet focuses on employees in the General Compensation Plan. She said there are approximately forty employees in the plan. Ms. Zorc said in 2006, twenty-four employees received merit awards that averaged 2.37% of their salary. She said in 2007, only five employees have received awards and these have averaged 3.5%. Ms. Zorc said the amount of a merit award is at the discretion of the supervisor based upon the employee performance evaluation.

Ms. Oswitch stated that she wanted the staff to know that she was never against the merit increase policy. She said she does not have a problem with why a person gets the merit increase nor with the guidelines for it but she does have a problem with it being fair and equitable to all employees. She said she was concerned that the policy was not fair to all employees and it should be equal to all the employees falling under this category. Ms. Oswitch asked if there was a checks and balance systems that the guidelines were fair and equal, adding that she does not know how they would do an employee's vacation in a monetary value equally and this item is not addressed in the policy. Ms. Oswitch said she did not want to get rid of merit increases but there needs to be a blanket policy that is equal. She said that an equalization step of the policy is missing from the policy. She wanted everyone in this plan to get equalization.

Ms. Zorc agreed with Ms. Oswitch. She said that the Police and Fire Departments do have an Oversight Committee that reviews their merit increases. She said one of things implemented was that there are performance appraisals that gave a numerical definition that makes them more objective in determining how much a person would get. She said they did not want to completely take away the supervisor's ability to run their department, but Ms. Oswitch was correct because there does have to be fair equal treatment of all employees. She said if an employee does receive an above average numerical evaluation, that employee does have a reasonable expectation of receiving some type of merit increase or award. She said that would be up to the supervisor what it would be because 4% would be above average and 5% would be superior.

Ms. Zorc said that the people at the top of their pay range receive vacation days, adding it works itself into a percentage rate. Ms. Oswitch agreed, and said she wanted to know if there was a City policy that distinguished who receives vacation days.

Ms. Zorc said that a procedure should be in place that when each department has completed their evaluation that they should be forwarded to Human Resources for that type of review in order to insure that all employees who have an excellent evaluation are treated fairly and also an employee that has been disciplined that has less than a stellar evaluation is not automatically given a merit increase. Ms. Oswitch said that is what she is looking for and as far as she knew that procedure was not in place. Ms. Zorc said there are guidelines that are followed in the General Compensation Plan. She said a merit award is a *merit* award, not a routine raise. Ms. Oswitch said, again, she just wanted to equalize the policy.

Ms. Zorc said she thought they were on the road to making these improvements with the implementation of the numerical employee evaluation, which has helped a lot. She said it is a possibility that if you tell someone from the top of the range that scored a 4.5 on the evaluation, that person would get 4 vacation days or if 5 was scored, then 5 vacation days would be given and so on. She agreed that maybe a committee should be formed to study it.

Ms. Oswitch said she was concerned that budget reflects that everyone is shown at the top of their pay scale and wanted to be sure that it would be given to the employees when it is budgeted and wants to be fair and equitable. She said that if one receives a raise, it needs to be stressed that the monies are budgeted.

Mr. Bargerstock asked what the maximum percentage would be for a raise, and Ms. Zorc replied that there is a range and said she did not think there was a limit.

Mr. Lillich added it would be 2% to 3% unless there have been significant job requirement changes and there have been one or two in the last few years. He said if any employee were at the top of his range, the maximum would be 1.9%.

Mr. Bargerstock said on the report it shows that one person received 7% increase and asked what would stop merit increases from being as high as 15 % to 20%. Mr. Lillich said that one critical factor that has to be remembered is that a merit increase is a totally discretionary judgment, not a contractual raise, and is reviewed and approved by the City Manager, which is a part of the City Manager's job description. He said that is where the consistency is found across the board.

Mr. Bargerstock said he understood that but was concerned that in the event that an employee received a big raise that disharmony might develop throughout the employee organization. He asked if there was anything that sets a limit. Mr. Lillich said that the City Manager's judgment would stop that from happening and that is who has the final authority. He said there has to be some consistency unless there was some dynamic performance requirement or change that took place during that evaluated period. Mr. Bargerstock said they have had unusual managers.

Mr. Ruller said the Human Resources Manager would be the other check and if there were anything out of the ordinary, he would be informed. He said the employee who got the 7% increase got promoted and the job was reclassified and it was not a merit raise. He said it is discretionary and a department head is in a position to know how well that person has performed. He said he expects each department head to do their own evaluation and when those fall down, Human Resources and as well as Ms. Rissland and the City Manager gets involved so there are check processes. He said the increases are typically limited to a 2% - 3% range.

Mr. Bargerstock asked if there should be a maximum limit. Mr. Ruller replied said they could certainly consider that. He said informally they usually have it at the lower range and did not think it was unrealistic to try to put parameters around it. He said from the philosophical point of view, they could say they do not want any discretion so a person knows what they are going to get. He said it is way for a supervisor to award exceptional behavior, above and beyond the standard step process. He said they could restructure the pay system and eliminate discretion and it all becomes automatic. He said he thought it was being managed responsibly and has gotten no complaints so far.

Mr. Lillich said it was self-defeating if they try to be too finite in how the rating is done. He said if there was a rating of 4.216, there really is no need to go any further than that first number. He said there is some artificial sensitivity in a number like this one that can impact that employee's work.

Ms. Rissland said that a person could not receive a merit pay raise that would go over the top of their pay range. She said it is a checks and balance if the employee is compensated within the range. She said the people that are already at the top of their range are limited to 5 days vacation, which is a 1.9% increase. Ms. Rissland said the only way they can get more than a 1.9% increase is if they are not at the top of their range.

Ms. Oswitch asked where an employee would go if they did not feel they were fairly compensated. Ms. Zorc replied they would go to the Human Resource Department and it would be determined what should be done.

There were no other questions or comments from Council so Mr. Wilson asked if there were any comments from the audience.

Geneva Hintz, 642 Yacavona Street: Ms. Hintz asked if a car allowance was a part of a merit raise or included in a salary. Mr. Wilson said it is not involved in the merit pay raise. Ms. Hintz said such perks would put people above their range. Mr. Wilson stated that is a completely separate issue.

There were no other comments.

MOTION TO RECOMMEND TO ADMINISTRATION THAT AN INTERNAL COMMITTEE BE FORMED TO REVIEW WITH THE HUMAN RESOURCES MANAGER AND DETERMINE STEPS TO MAKE MERIT POLICY FAIR AND EQUAL TO ALL EMPLOYEES.

Motion made by Ms. Oswitch, seconded by Mr. Bargerstock.

Mr. Bargerstock said there were probably just a couple things that need tweaking and brought to people's attention. He said there was no harm in having the Human Resources Manager review it. He said he hoped they would involve the Union, for their input, returning with suggestions.

Mr. Schultz said he would not support the motion, and could not support involving the unions.

Ms. Oswitch said that was not a part of the motion, but was a suggestion by Mr. Bargerstock.

Mr. Kuhar stated he was in favor of the motion but was opposed to bringing in a union and turning it into a bargaining table at that point.

Mr. Hawksley said he was not in favor the motion because they have discussed it with management and it is up to their discretion. He said it is not really their job to manage the manager on merit raises.

The motion failed by a hand vote of 4-3, with Mr. Schultz, Mr. Hawksley, and Mr. Wilson dissenting.

Hearing no further business before this Committee, Chair Wilson adjourned this meeting at 9:22 p.m.

ACTION RECOMMENDED:

- 1) TO AUTHORIZE THE LEASE FOR 201 E. SUMMIT STREET BETWEEN THE CITY OF KENT AND MARIO MORELOS, dba LOCALINGUA WITH THE INCLUSION OF THE EMERGENCY CLAUSE.
- 2) TO AUTHORIZE THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AS PRESENTED
- 3) TO REFER RENEWAL OF SCHOOL LEASE FOR PARKING IN THE WEST RIVER AREA TO THE PARKING ACTION COMMITTEE FOR REVIEW AND RECOMMENDATION.

Transcribed by Linda M. Copley, Clerk of Council on Nov. 6, 2007.