

**THE CITY OF KENT, OHIO  
FINANCE COMMITTEE  
THURSDAY, OCT. 9, 2008**

This special meeting of the Finance Committee of Kent City Council was called to order at 5:30 p.m. on Thurs., October 9, 2008 by Wayne Wilson, Chair. Mr. Wilson said this special meeting was requested to discuss possible amendments to Ordinance No. 2008-135 which deals with the income tax credit.

**PRESENT: MR. AMRHEIN, MR. DELEONE, MR. FERRARA, MR. KUHAR, MS. SHAFFER, MR. TURNER, AND MR. WILSON**

**ALSO PRESENT: J. FENDER, MAYOR; D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; AND L. COPLEY, CLERK OF COUNCIL**

**ABSENT: MR. HAWKSLEY AND MS. WALLACH**

Chair Wilson said that some people think there is something sneaky going on, adding the purpose of this meeting was to consider some changes to the tax credit ordinance. Chair Wilson said he had some changes he would like to suggest.

Chair Wilson said that Council voted, the previous time, to go with Regional Income Tax Authority. He said they need to let them know the City's intent, otherwise, as his Clerk pointed out, forms would have to be reprinted. He said he was planning to make some amendments at the regular Council meeting the following week, but those changes would not be confirmed until November which is very late in the season for the printing of tax forms.

Mr. Wilson said there have been really drastic downturns in the economy, and he felt it was time to slow down and back up. He said it is the Committee's choice to make, and the Administration has no presentation. Mr. Wilson said he would take comments or questions from the Committee at this time, and then give the public a time to comment. He said they would return to the Committee for motions.

Mr. Kuhar said they have had financial problems in the economy over the last six months to last year. He said the last three to four weeks have had some serious effects, and there are a lot of stressed and worried people. He said that some aspects of government are doing what they can to straighten out the problems. Mr. Kuhar said they have an obligation to be compassionate to what people are going through at this time. He said he would probably make a motion to change that rate to 100%, which negates the change to the reciprocity. He said it will give voters some confidence that they are trying to help. He said as they look to the citizens for a tax increase the following year, some may view them as more fair. He said they can always add a reduction at any time in the future. Mr. Kuhar said their obligation is to be compassionate and to make everything work. He said the City needs money, but so does the residents.

Mr. Ferrara said they have to be compassionate but also have some foresight. He said if there is a restoration of 100% of the income tax rate, Council needs to look forward for economic development and do some deficit spending. He said they need to spend part of the Rainy Day fund. Mr. Ferrara said they cannot make a decision in a vacuum. He said he saw the tax credit as a way to fund economic development. He said they need to continue with economic development, in terms of raising revenues. Mr. Ferrara said they should not just make a decision to restore the credit to 100%, but still need to go forward with economic development projects, like downtown development.

Ms. Shaffer said there are two issues, adding that Mr. Ferrara and Mr. Kuhar have touched on both of them. She said there is a great deal of anxiety about the economy, and whether they are impacted is one story. She said in the current climate, it is difficult to ask people to sacrifice. She said the other issues being discussed is restraining spending on downtown development. Ms. Shaffer said they cannot do that at this time, as they are responsible for the future of the City.

Ms. Shaffer said she was unsure about deficit spending for operating expenses, but they need to look more closely. Ms. Shaffer suggested they may possibly need to institute cuts that people might feel, but not vital services. She said that user fees come to mind.

Ms. Shaffer said that she saw this in two ways. She said the tax credit reduction was an investment in their future, but holding them stable with their current budget, allowing them to spend responsibly for the future. She said she is wondering if this is the right time to ask for a reduction, especially since so many are perceiving this as not impacting across the board. Ms. Shaffer said it is a piece of a larger plan. She said when it is taken in isolation, she can understand how people are reacting to it. Ms. Shaffer said she wants to have the opportunity to tell the bigger picture story, adding it is a vision. She said Kent has a lot of potential, and it was with the best of intentions when they ask people to come together and invest.

Mr. Turner said one major issue for him during the entire process, as with residents, is that they appeared to circumvent the involvement of the public and their interest. He said they have lost trust with some. He said in his mind, he feels they need to go back to the beginning, and work with a greater partnership. He said they have to explain why the vision they have for Kent must be sustained. Mr. Turner acknowledged it would not be easy, adding it would be difficult. He said that a lot of them knew the times were extremely difficult, and this would be a tough sell. Mr. Turner said he always had a problem with the imposition of the tax, especially when they have to go back to the same people to handle the balance.

Mr. Turner said he still believes if they go to the public in an earnest way, and listen to what they say about restrained spending and living within their means, they have a possibility for salvaging this situation. Mr. Turner said they need these revenues to move the community forward, and he was hopeful the residents would give them a second look. He said the difficulty is when they make first impressions, the feelings are hardened. He said he disagreed with the approach, but has no question that Council has the interest of the community in their hearts. He said he hoped the residents would be open-minded so they can move themselves forward. He said if not, it will diminish the issue of the quality of life.

Mr. Turner said the issue for all of them is to return to the drawing board and see how this is going to work. He said they need to go to the residents and explain why this is a necessity for Kent. He said if the citizens do not want to support it, then they must live within the means established. Mr. Turner said he hoped at the end of the day the citizens understand why they believed these things are important to make Kent what they want it to be and the kind of livable community they desire.

Mr. Amrhein said that historically, these are scary and insecure times. He said they were well-intentioned as a Council, but put the cart before the horse. He agreed with Mr. Turner that they need to talk to people.

Mr. Fender said the Blue Ribbon Panel was a group of independent people, with a financial background. He said they made good recommendations, but they now have an economic downturn. He said that conversely, the responsibility of Council, as stated by Mr. Ferrara, is to look forward and make sure they have the money for the day to day operations. He said it is a good time to hit the pause button, see how things are going, and then go forward.

Mr. Wilson said he wanted to suggest changing the date the ordinance would take effect. He said they are asking the voters to change the income tax rate in Nov. 2009. He said if they go to Jan. 1, 2010, it would coincide with the income tax rate increase.

Mr. DeLeone said he listened to what has been said. He said he knows everyone is stressed, adding he is stressed. He said he has also lost money in the stock market. Mr. DeLeone said they are human, and may have made a mistake. He said that part of the Blue Ribbon Panel recommendation was public involvement for the entire process for one and one-half years, plus the other public involvement with the Bicentennial Plan. He said all of this was viewed and dissected. He said they do have a lot on the table,

and need revenue to expand their economic base. Mr. DeLeone said they need to spend money to make money, and questioned where they would get the money. He said he heard the comment made that they put the cart in front of the horse, and suggested that may be true. He suggested they should have gone with the full income tax increase or done both of the issues together.

Mr. DeLeone said to say they did not have any public involvement is wrong. He said he has been on Council for eleven years, and they have had a lot of meetings. He said in the last six months to one year, the economy has taken some bad turns. He said he is unsure if changing the date, as suggested by Mr. Wilson is the right idea. He suggested they either take it off the books totally or go forward with it.

Mr. Kuhar said he wants to see positive things, adding what is going on in Kent is very positive. He said he was hopeful that the financial global stress will not prevent developers from doing the work on their projects. He said they could have a lot of revenue coming in.

Mr. Kuhar said the Blue Ribbon Panel met two years earlier, and the economy was different then. He said they will come out ahead, as they are a progressive town. He said they need to tighten their belts, and do the best they can with what they have. He said they need to make the citizens happy so they stay in Kent and want to keep their families in Kent. Mr. Kuhar said he wants Kent to be a friendly, welcoming city, adding that he thinks they are doing that.

Mr. Turner said he wanted to clear up a misimpression of something he said regarding involvement of the citizens. He said he was not castigating what has gone on previously, adding he does know there were a lot of attempts to involve the citizens. He said that points to another issue, adding that the citizens have to take more responsibility to become engaged in what is happening in Kent. He said if the citizens choose to not attend meetings, for whatever reason, they are going to get limited feedback and information. Mr. Turner said a number of the Council members may be rethinking their positions based on the feedback they are receiving. He said another issue is the outreach aspect. He said if they reach out, and no one is there or participates, they cannot complain too much when decisions are made not in their interest. He said the public must become engaged. He said there are some who express themselves fervently. He said they need to engage the residents more, adding that will be their task. He said Mr. DeLeone is right that they have done that, but they need to do a much better job. Mr. Turner said he did not want to leave the impression that it was not done. He said they are now seeing a push back, adding it will create a more relevant type of response by government.

Chair Wilson called for audience comment at this time, and asked those speaking to try and limit themselves to three minutes. He reminded them they are talking about amendments, adding that motion to rescind the ordinance would be out of order.

**John Bard, 435 Francis:** Mr. Bard said he did not come to the meeting to speak, but instead, to listen. He said some of the things he has heard are good, but most are not good. He said he has been present for the last three months, while this was discussed at three separate meetings. He said some new people came down and told them it was wrong. He said three people supported the action, with two being members of the Blue Ribbon Panel, and one was the fiancé of a Council member. He said they have said the citizens need to speak more, adding with those who spoke, he felt it was a good ratio and they still voted for this action. He said they had people who never came to meetings in attendance, speaking against it. He said they had three meetings, and it did not change anyone's vote. Mr. Bard said they are now seeing the light.

Mr. Bard said he does not know what is wrong. He said he went to some of the meetings hosted by the Blue Ribbon Panel, adding he spoke against those recommendations. He said he has been talking to a lot of his neighbors, and it is not just about this issue. He said this might have been the straw that broke the camel's back, but it is not just about this one issue.

**Eileen Mohr, Ward 3:** Ms. Mohr apologized for being late. She said she may have missed some of the ground rules. She said she has not attended a lot of meetings until recently, and understands the need

for people to be involved. She asked Council to look at the people who are not at the meetings because they are busy being scout masters, running a soup kitchen, or coaching sports. She said there are other things that help Kent grow and move forward. Ms. Mohr said she works for a food program every Thursday night, adding they have more people every week and more young people every week. She said the parents cannot pay the rent nor buy prescriptions, let alone pay for food. She said that is the impact in Kent that she sees weekly.

Ms. Mohr said they know she is vehemently opposed to the decrease in reciprocity, and will continue to fight it. She said if the decrease in reciprocity is off the table completely, and the Council and government want to discuss it rationally with the people of Kent, she would ask they do not talk to them like they are idiots. She said they need to have some honest dialogue as to why they need this money, what steps they have taken to reduce the budget and to cut spending to get the fat out. She said she would honestly sit down, and consider an across-the-board tax increase. Ms. Mohr said that statement would probably get her shot by people who know her. Ms. Mohr said from her perspective, she can understand that this is a shift in the thought process. She said she does not care what brought it about, adding she was not there to judge them and was glad they did it. She said she hoped it was the result of people who told them this would crunch them. She said they are going to lose good people who care about Kent, and she appreciated them reviewing it. She said she would entertain an increase across the board.

Hearing no further comment from the audience at this time, Chair Wilson called for a motion at this time.

**MOTION TO AMEND ORDINANCE NO. 2008-135 SO AS TO RESTORE THE TAX CREDIT TO 100% OF THE 2% INCOME TAX, WITH THE EMERGENCY CLAUSE.**

Motion made by Mr. Ferrara, seconded by Mr. Kuhar, and carried by a voice vote of 6-0-1, with Mr. Wilson abstaining.

Hearing no further business before this Committee, Chair Wilson adjourned this meeting at 6:05 p.m.

---

Linda M. Copley, Clerk of Council

**ACTION RECOMMENDED:**

- 1) TO AMEND ORDINANCE NO. 2008-135 SO AS TO RESTORE THE TAX CREDIT TO 100% OF THE 2% INCOME TAX, WITH THE EMERGENCY CLAUSE.**