

**THE CITY OF KENT, OHIO
FINANCE COMMITTEE
WED., SEPT. 3, 2008**

This meeting of the Finance Committee of Kent City Council was called to order by Wayne Wilson, Chair at 7:55 p.m. on Wed., Sept. 3, 2008.

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

ALSO PRESENT: J. FENDER, MAYOR; D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; L. COPLEY, CLERK OF COUNCIL; B. RISSLAND, DIR. OF BUDGET & FINANCE; G. LOCKE, DIR. OF COMM. DEV.; AND L. ZORC, HR MANAGER

Dave Ruller, City Manager, explained it is that time of year again when they have to decide what to do with their bond notes. He said they can either lock in the rate, or go with short term or long term notes. Mr. Ruller said that **Barb Rissland, Director of Budget & Finance**, is bringing forward a recommendation for short term notes. He said over the course of the last six years, the City has saved nearly \$600,000 by using this process. He said they have played conservatively, adding that strategy has worked. He said it is pertinent to point out that this has saved the money, and he is supportive of the Budget & Finance Director's recommendation at this time.

Ms. Rissland said that the savings of \$650,000 was on the sewer bond refunding, and did not include the other issues. She said they saved money on all of the issues. Ms. Rissland said they would price them on Oct. 1st or Oct. 2nd, and would close on Oct. 15. She said this would get their money into their account one day early. She said they would probably roll them at 2.5%, while longer term bonds are 4.6 to 4.7%. She said they would save more than 200 basis points by keeping them short.

Mr. Kuhar said he heard from a reliable source that savings interest would raise during the last quarter of the year, and asked if this means the payments would increase, and Ms. Rissland said it depends on the term. She said the rates for longer terms are between 4% and 5%. She said short term rates vary. Ms. Rissland said this would lock it in for another year. She said they are paying down the principle annually, adding the amount is heavier than if in the bonds. She said if the rates went up, they would pay a lower amount of principle. Ms. Rissland said, again, there is some risk involved, but they are saving about 200 basis points.

Mr. Kuhar said what happens if the rates change after they lock in, and Ms. Rissland said the highest rate they paid was 4.25%, and they received a premium from the banks. She said they have been under the bond rate annually, having saved a lot of money.

Mr. Ferrara asked who insures them, and Ms. Rissland said they are notes and not insured. She said with some of the down rating of major insurance companies, they are probably better off to be not insured. Mr. Ferrara asked their rating, and Ms. Rissland said it is AA3. Mr. Ferrara asked if the amount is too small to ladder it out, and Ms. Rissland said they are down to \$4.5 million, adding it is probably too small an amount.

There was no audience comment at this time.

MOTION TO AUTHORIZE THE ADMINISTRATIVE RECOMMENDATION ON THE CITY'S NOTES.
Motion made by Mr. Hawksley, seconded by Mr. Ferrara.

Chair Wilson said the next issue dealt with the reclassification and renaming of the Plans Administrator. Mr. Ruller said that each time there is a vacancy, they re-evaluate where they are, eliminating some positions, and changing the classifications of others. He said they do not want to do that at the risk of not

performing the functions. He said they are recommending changes to the position vacated by Mike Weddle, adding that **Gary Locke, Community Development Director**, and **Liz Zorc**, HR Manager, have review this position in terms of functionality. He said a recommendation has been made that has a slight reduction in pay. He said they are hoping to use this position to do more neighborhood-based work. He said they have talked about neighborhood enrichment, adding their neighborhoods are at risk and need help. He said they need more neighborhood-based services, and this lets them get more involved.

Ms. Zorc said they had an opportunity when Mr. Weddle left to look at the position. She said Mr. Locke was able to go into a new direction, having the position do grant administration and neighborhood programs. She said she did some research on the salary, and they were asking Council's approval to rename the position, reducing the pay from Class III to Class IV.

Mr. Locke said they have been restructuring people in the department over the last year. He said this is the position he held before becoming the director. He said the position had two or three different areas of responsibility. He said the position administered their programs, including CDBG and CHIP. He said the position reviewed all development projects. Mr. Locke said that combination might have worked okay previously, but it is not that common today to find people with a development and grant background combined. He said they realized that getting back into the neighborhoods was good, not only for enforcement, but also from the carrot standpoint. He said it ties in well with the grant programs, adding it is a logical connection.

Mr. Locke said they want to steer them into a certain direction. He said they want to push energy into the neighborhoods, and gave some of the development review responsibilities to others in the department. He said this position would be focused on grants and other programs they have not availed themselves to thus far. He said they also want to try and develop neighborhood priorities. He said they can use the stick to a great degree, but trying to prosecute 200 to 300 people who do not cut their grass or shovel their snow will require another law director. He said they are proposing they get to the residents, and can lower the pay of the position at the same time. He said Mr. Weddle's departure opened the door to that issue.

Ms. Shaffer asked if outreach would be one of the neighborhood services, adding that every organization has communication issues. She asked if the position would take their city policies to the neighborhoods, as a liaison, and if this person would work with neighborhood organizations. Mr. Locke said it can be any of those things. He said there are some groups, adding that University Heights had a good group, as did Farmbrook. He said the south end of town had a few different groups. Mr. Locke asked how they instill a sense of neighborhoods. He said they have a mix of renters and owners, adding they need to bring the groups together and make them feel they are on the same team. He suggested a lot of education with a little nudging. He said anything they mentioned is on the table for their review, adding he has no recommendations. He said that Ms. Gilbert had been part of their department, and had been learning some of the grant information, as he plans to retire some day. He said this opening allows the chance for a few people to be devoted to these issues.

Mr. Kuhar asked the ranges, and Ms. Zorc said it is currently in a range of \$57623 to \$72293; with the proposed range being \$51156 to \$64193. She said they surveyed other cities, and the average range is \$48622 to \$65987. She said they are starting a little higher, but the top of the range is lower.

Mr. Kuhar asked if there is any chance for federal funding for the salary, and Mr. Locke said they do charge part of this position to the CDBG, adding it pays about 25%. He said they are limited as to what they can charge, adding they do use the "admin money," He suggested some changes to the housing program, adding it is potentially doable to bring in more outside money.

Mr. Ferrara asked how they measure the success of this position in terms of dollars, and Mr. Locke said he is unsure they have ever done that. He said they get CDBG monies annually, and through no fault of the City that money has been cut by Congress. He said at one time they received \$477,000 and now receive \$290,000. He said that is out of their control. He said that it is not just a matter of getting money and running with it. He said the question is whether that person can maintain and expand some neighborhood programs. He said the question is what is appropriate and beneficial.

Mr. Ferrara asked if there are grants they have not gone after because of no administrative capability, and Mr. Locke said it is a matter of quantity. He said there are some programs related to brownfields that we have not gotten into, adding they did administer some of the revolving loans. He said they are doing the EPA grant for petroleum sites. Mr. Locke said there are reporting requirements for some of the EDA programs also. He said if they can do other things, they should do them.

Mr. Ferrara said the City's financial situation is critical. He said he is in no way implying that Mr. Locke does not do a good job. He asked if this position is going to allow him to do more and better things, and how would he quantify it. Mr. Locke said with the restructuring, the position will do more and better things. Mr. Ferrara asked if it is quantifiable with the number of grants, adding they have to be able to measure what they are getting for what they are paying, adding he has not seen what they are getting for their money.

Mr. Locke said they do not want to quantify it in dollars. He said it is a combination of being able to administer what they have. He said they can say "forget it" to the CDBG monies, which would give them the ability to bring in other monies. He said they need to do restructuring of those programs. Mr. Locke said if they are developing neighborhood programs, they cannot be quantified dollarwise. He said he is unsure he would look at it on a dollar basis. Mr. Locke said if the grants are done in error, they can decide it is not working. He said if they get someone with the background, that person can take the information and run with it. He said they need the ability and desire to do it. Mr. Locke said he does not know what they will get when they go through the hiring process. He said their intent is to find someone with ability who can contribute something to the department and the city.

Mr. Ferrara said that the perception is once they get into government, one never gets out. He said new programs need to be measured against a standard. He said Council has to measure performance. Mr. Locke said everyone is tightening their budget, and if they are going to fill it, they need standards.

Mr. Turner said this is a quality of life issue for those in the neighborhoods. He said the City can act in a catalytic way, trying to encourage communities to come together. He said they can establish goals and objectives, and move neighborhoods to address those goals. Mr. Turner said this is a great move on the City's part, as there is a fundamental divide between downtown economic development and the neighborhoods and their residents. He said this is a way to address the issue of people in the neighborhood. Mr. Turner said this is an excellent opportunity to build a great relationship between the City and those residents to find out the needs and goals. He said they do not know the wants and needs, and those will develop. He said this is an excellent opportunity, and something they need to do. He said he is very desirous of them doing this, adding that some of those things will be quantifiable. Mr. Turner said this bridges the divide in the community, and is an excellent opportunity for economic development issues.

Mr. Kuhar said he sees positive involvement in the neighborhoods and the need for grants. He asked what would happen if they eliminate the position, and do they have trained, adequate staffing to deal with the same possibilities presently, and Mr. Locke said he is "it." He asked what they want him to do, as no one else on staff can do the grant information. He said he is trying to fill in for Mr. Weddle, adding the timing was bad for him to leave. He said a lot of the reports are due in the fall, and all of his free time is generating that information. He said if they want their Community Development Department to do grants, and nothing else, they can leave it as is. Mr. Kuhar asked if no one else is capable of doing the grants, and Mr. Locke said not with any experience. He said ideally, they need to give it to someone with experience who can evaluate them. He said they may make changes on how they do things or who they use, adding it may create more money. He said he wants the new person to have input. He said if they do not fill the position, it limits what he can do, and they can pay him, as a director, to do grant work.

Mr. Kuhar asked Mr. Locke if he felt it would be beneficial to cross train people in the department, and Mr. Locke said they had begun to do that with Ms. Gilbert. He said they had begun to cross train her for one year with the grants. He said if something happens to him, no one can readily move into the position, and they would have to hire some consultants. He said he is not comfortable with that idea. Mr. Locke said

they were bringing Ms. Gilbert along to train her, and had done so for about one year when she left to go to Main Street. He said it is a good opportunity for her, but until she comes back, there is no one to do the position.

Mr. Kuhar asked if it would be beneficial to cross train everyone so they can multi task, and Mr. Locke said they have done that with zoning review and development review. He said Ms. Barone and Ms. Phile back each other up. He said they have back up building inspectors, but none of them are certified building inspectors. He said that most of the economic development work is done by Mr. Smith, but they have some close contacts, and he must help with the loan programs. He said they try to maintain the cross coverage, but it is easier with some things than others. Mr. Kuhar noted they were light in the grant area, and Mr. Locke agreed.

There were no further questions at this time. Chair Wilson called for audience comment.

Christopher Myers, 1402 Vine St: Mr. Myers publicly commended the Code Enforcement Officer.

MOTION TO AUTHORIZE THE RENAMING AND RECLASSIFYING OF THE PLANS ADMINISTRATOR POSITION.

Motion made by Mr. Kuhar, seconded by Mr. DeLeone.

Mr. Kuhar said it is obvious they need someone qualified to do the grants. He said Mr. Locke should not have to bear the burden of everything, adding he would like to see cross training in the future so they do not have one egg in one basket again. He said he would support it, adding the position will cost less money.

Ms. Shaffer said this will enhance their ability to go across the departments. He said she would like to see the community development aspect increased. Ms. Shaffer said their safety forces have been doing this type of community development, and it would be nice to see this department work with those safety forces. Ms. Shaffer said that Mr. Lillich has a wealth of knowledge, experience, and interest. She said it would be an opportunity to bring those together, adding she supported the position.

Mr. Ferrara said he would vote against it. He said it is the organization's responsibility to develop a line of succession within. He said they are asking 65% of the community for a tax increase. He said he was unsure how they ask people to fund a position without a definable return. He asked how they pay someone to tell people to mow their grass and make their yard look presentable. Mr. Ferrara said he did not see any quantifiable or measurable returns for their investment, and suggested they promote from within. He said he knows this is a burden on Mr. Locke, who does a great job. He said they are in tough economic times, adding as they look at the tax issue, citizens want to see them save money. He asked how this benefits them, and how they can do a cost benefit analysis.

Mr. Hawksley said he supported the motion. He said the excising position is being downsized, adding it is a decrease in the budget. He said a large portion of the position is paid with block grant monies.

Mr. Kuhar said he saw nothing in the proposal that says if they turn down this proposal that the present position will not be filled for more money. He said that by allowing this, in addition to the community aspect, they are spending less money to do it. He said he wished more employees within the structure had the capabilities.

Ms. Shaffer said the code enforcement person might need support as they go more into enforcement. She suggested this position could work with the stick part, not just the carrot. She said they could justify it by bringing in some money as they look at more teeth in their code enforcement instead of it being something that loses money for the City. She suggested this would support the code enforcement person who is somewhat overwhelmed by very good.

Mr. Ferrara said that is similar to looking at home much money was saved because something was on sale. He said that although they are lowering the pay classification, they are still spending the money. Mr.

Ferrara said if they don't use the money to fill administrative posts, they have more CDBG money that can go elsewhere.

Mr. Turner said it seems they are moving to focus on another area, where they are not putting as much effort. He said it is important. He said the metrics that Mr. Ferrara is talking about will be developed in time as the neighborhood gives feedback on their objectives. He said they have those quality of life issues well defined.

Mr. Kuhar said he is offended to think they would look at code enforcement as an avenue for an income stream. He said thinking of the code enforcement officer as a revenue offends him.

Ms. Shaffer said that it is a big loss at this time. She said they can look at ways to come out even. Mr. Kuhar said it should not be looked at in that fashion.

The motion carried by a voice vote of 7-1-1, with Mr. Ferrara dissenting and Mr. Wilson abstaining.

MOTION TO NOT FILL THE POSITION FOR ONE YEAR.

Motion made by Mr. Ferrara, and died for want of a second.

Mr. Wilson said the next issue deals with a discussion on income tax, property tax, and an evaluation of sales tax. He said that Mr. Silver previously passed out a legal rendering on sales tax and asked him to address it.

Mr. Silver said City Councils in Ohio do not have the authority to level sales tax. He said that can be done countywide, but must be passed by the County Commissioners. Mr. Ferrara asked if the County can levy a tax for the city, and Mr. Silver said it is a countywide tax, decided by the County Commissioners, who decides where the money goes.

Mr. Wilson said the next issue is about increasing income tax.

Ms. Wallach said as she has been going door to door, talking to constituents, talking about a reduction in the tax credit, they indicated if there had been an income tax on the ballot, they would have felt better credit. Ms. Wallach said they should have put the whole plan out there at one time. She said she knows the Blue Ribbon Panel presented their recommendation to the community two years earlier, and that is a long time ago. She said it would have been better to refresh the voters' minds.

MOTION TO PLACE A .25% INCREASE ON THE MAY BALLOT.

Motion made by Ms. Wallach. After Chair Wilson said it died for want of a second, Ms. Shaffer seconded the motion at this time.

Ms. Shaffer said they have been talking about fairness. She said people need to see the whole picture, adding that Ms. Wallach brings up an important point.

Mr. Kuhar said he is opposed to both, but they should have been looking at the income tax increase up front, and not the reciprocity. He said he has had a lot of calls on the issue of reciprocity, adding he was waiting to get a good one. He said he is hearing that it is a waste of time, energy, and staff. He said they need to look at other ways to make and save money.

Mr. Turner agreed with Mr. Kuhar. He said that strategically, this is not the best thing to do at this time. He said it is important to put this before the public. He said he would like to see the whole amount put before the voters. He said they should have the opportunity to decide and they should state why they believe it is important to support this in the best interest of Kent. He said the way they are doing it is like putting the cart before the horse, with the tax credit. He said he is fearful about doing anything additionally as it relates to a tax. Mr. Turner said this puts them in a dire circumstance. He said he hoped they would revisit it, and come up with a different tack. Mr. Turner said they should allow the people to have the opportunity to vote on taxation, rather than imposition.

Mr. Amrhein said they are laying the burden on one group, and would not take the burden themselves. He said it should go to the ballot.

Ms. Wallach agreed with Mr. Amrhein. She said this is showing people they are trying to spread the burden. She said they want people to share, and they want it on the May ballot. Ms. Wallach said as she explained the situation to her constituents, along with the whole plan, they are more comfortable. She said when asked if they would be willing to support an income tax increase, a vast majority said they would. She said that is from the people in her ward.

MOTION TO AMEND TO INCLUDE A SUNSET PROVISION.

Motion made by Ms. Shaffer.

The parliamentarian said the motion was not valid, as Ms. Shaffer was the seconder of the original motion, and could not amend her own motion.

MOTION TO ADD A FIVE-YEAR SUNSET PROVISION.

Motion made by Mr. Hawksley, seconded by Mr. Turner.

The motion carried by a hand count, with Mr. Turner, Mr. Hawksley, Ms. Wallach, Ms. Shaffer, and Mr. Amrhein supporting the motion. Mr. Ferrara, Mr. Kuhar, and Mr. DeLeone dissented, and Mr. Wilson abstained.

Mr. Wilson called for discussion on the main motion as amended.

Mr. Ferrara said they talk about fairness and sharing, and asked how fair it is to reduce the reciprocity by .5%, while adding another .25% income tax. He said this would become .75% increase for some.

At this time, Mr. Wilson realized they never went to the public at this time. He suggested they put the discussion aside, and called for audience comment.

John Thomas, 1621 Chadwick: Mr. Thomas said that history strikes twice. He said in the fall of 1980, there were some serious economic times for city operations. He said the City Council and then-City Manager Roy Stype had a public dialogue. He said they had a road show on reducing income tax credit or raising the income tax or a combination thereof. He said they had discussion about raising the property millage, adding it is similar to their discussions at this time. He said he knew how they felt.

Mr. Thomas said in November and December 1980, they held public forums at the high school's cafeteria. He said they had 150 to 200 people at the first one or two, adding it was a decent turnout and a thorough communication. He said they had an effective communicator with Mr. Stype, adding that he was sure the same is true of Mr. Ruller.

Mr. Thomas said they attempted to educate the voters on the needs versus the desires of the City. He said they took one issue to the ballot, with a special election in February 1981. He said the income tax increase was approved, raising it from 1% to 1.5% by a vote of 75% to 25%.

Mr. Thomas said they have a difficult issue, adding he knows how tough it is. He said the scenarios he is hearing from Mr. Kuhar, Mr. Turner, and Mr. Ferrara express the same fears of a boomerang. Mr. Thomas said they also found out that voters need to focus on one thing. He suggested they take one issue, whether it is the property tax or income tax increase, and make their case very plainly. He said in January 1981, nearly all members of Council went door-to-door. He said they are considering a third reading on the tax credit in two weeks, adding that they may want to look at the history of nearly thirty-years ago. He said they effectively presented a case that the city needed an increase in revenue, and it was done thoughtfully, methodically, and thoroughly.

Eileen Mohr, Ward 3: At this time, Ms. Mohr told the Clerk to restate the motion, and she did so at this time.

Ms. Mohr asked if this was in addition to a decrease in reciprocity, and Chair Wilson said that was correct. Ms. Mohr said she is vehemently opposed to decreasing the reciprocity. She said she has heard it said that their neighborhoods are at risk. She said reciprocity is a tax increase of .5% of their gross salaries. She said they are now look at a .25% increase in income tax. She said if it passes, she will be paying 2.75% to live in Kent. Ms. Mohr said that is not going to happen. She said that as soon as possible, people will sell their houses and find another place with better services, where they are not dealing with issues related to the University daily. Ms. Mohr said she is hearing that people do not feel it is fair to hit one segment twice, adding they are right as this is totally unfair. She said her only option, regarding the decrease in the tax credit, is to stand at Council meetings and speak or send letters to the paper.

Ms. Mohr said she would consider this increase, as would others, if they take reciprocity off the board. She said they will listen and be educated. She said that a lot of people do not have a clue about a tax increase. She said that those of them who do will immobilize and defeat it in May.

Bill Hoover, 2002 Rosewood: Mr. Hoover said he works at 126 W. College Ave. He said his income tax goes to Kent, adding he spent a lot of time on the Blue Ribbon Panel. He said it is a shame the discussion has turned to taxes as opposed to a vision. He said it is important that they know that the Blue Ribbon Panel was not about taxes. He said they realized that in order to pay for vision, it takes an investment. He said that investments require revenue, and to generate revenue, it requires taxes. He said it is the reality of the way things are and the way things are fudged. He commended Council for tackling the difficult issues, and said it is about the vision of Kent.

Mr. Hoover said that recently, the Army abandoned the "Be all You Can Be" slogan. He said many of them would like Kent to be all it can be. He said for thirty-plus years, Kent has been the least it can be, and has done the least. He said to redevelop an urban area, even as small as Kent, the City needs to have some involvement and needs to do some of the difficult things that private developers cannot and will not do to redevelop the downtown. He said instead of throwing stones at the university, they need to remember they are a major source of income tax revenue and a major source of business for the local businesses. He said what they should want is that every parent and student that drives into Kent wanting to be in Kent. He said it takes investment, commitment, and difficult choices. He said the Blue Ribbon Panel's discussion was not focused on raising taxes but on a vision of Kent being what it can be. He said it was focused on Kent generating more jobs, adding that does not happen out of thin air. He said they need businesses to expand and more customers.

Mr. Hoover said to get more customers, they need a city that is attractive, that people want to come to and live in. He said that takes tough decisions and raising revenue. Mr. Hoover said they spent a lot of time discussing fairness, adding that Ms. Wallach and Mr. Thomas are on the right track when speaking of the education component. He said they are not educating them to pay more tax, but are educating the vision of what they want Kent to become.

Mr. Hoover said the sunset provision was very important. He said the financial mechanics are such that if they are successful, they will have the jobs. Mr. Hoover said that one challenge for Kent and one of the things they learn is that the city generates most of its revenue from an income tax, and not property tax. He said if he pays income taxes elsewhere, he receives all of the benefits of being a Kent resident, with respect to the services of the fire department, city maintenance, water, and snow removal, and pay nothing for it. He said that from the standpoint of everyone doing their fair share, he did not want to debate the right percentage. He said for people to say they do not want to pay anything is to say they want to freeload off the City. He said they want something for free that they are not paying for.

Mr. Hoover said a person receiving a \$30,000 salary from another City will pay about \$12 or \$13 a month for a rollback, adding that is not much to pay. He said they would like to keep their \$12 or \$13 per month, but it is not a lot to pay for the services they get. He said it was important to the Blue Ribbon Panel that there would be some degree of spreading the cost, pain and investment. He said he gives up some of his monthly income to invest in his future and that of his children. He said he applauded Council and encouraged them to continue to examine and make tough decisions. He urged them to not stop.

John Bard, 435 Francis: Mr. Bard said he has spoken on this issue several times. He said he was not going to speak, but after listening to the previous speaker, he had to make some comments.

Mr. Bard said they had no income tax until the Crain Avenue bridge collapsed in 1964. He said he lived in Kent before that time, adding that most of Council did not live in Kent at that time. He said Kent was a better town without an income tax. He said they had multiple grocery stores. Mr. Bard said for most of his life, he drove two blocks to Summit County to work in Akron. He said they want him to pay more to leave Kent, but will not pave his street. He said when he is not in the City because he is at work, everyone else is going to use the services. He said it is wrong and a joke. Mr. Bard said one the issue of increasing taxes to make the standard of taxes better, it was better in the 1950s with no income taxes.

Eileen Mohr: Ms. Mohr said that with all due respect to Mr. Hoover, she lives in Kent and she pays her taxes to Twinsburg. Ms. Mohr said that she would rather pay her 2% to Kent, but has no choice and her money goes to Twinsburg. Ms. Mohr said that because her money is going to Twinsburg, she is a freeloader in the city. Ms. Mohr said she has a real issue. She said if it were her choice, the money would come to Kent.

Ms. Mohr suggested they deal with the bigger issue of reciprocity. She suggested that all cities should just take taxes where they live, but that is outside of her control. Ms. Mohr said Mr. Wilson can attest to the fact that people who are present, who do not pay money to Kent, have worked their butts off to make their neighborhoods better. She said that Mr. Wilson knows what she did for years for the Loop Group, adding she wrote the grant for a neighborhood watch. She said they may not be able to see it, but they are not freeloading. She said they are giving in other ways.

Christopher Myers: Mr. Myers said that his does not affect him, as he is retired. He suggested the cities ought to get together and discuss the "reciprocity thing" so Ms. Mohr can pay some money to Kent and Twinsburg, not all to Twinsburg. He asked if this has been discussed regionally?

Ms. Wallach said the intent is to hold the drop in reciprocity to .5%. She said if the income tax in Kent is raised to 2.25%, the amount of credit will be 1.75%, so there is still .5% being paid for those working outside of the City.

Mr. Kuhar said they are talking about fairness. He said in the name of fairness, they need to rethink their third vote of the reciprocity issue and think of some of the suggestions made before approaching the income tax issue. He suggested if they show the public there are fair, and address the issues, they may get the revenue. He said he previously asked Ms. Rissland to get him a figure of everyone living in Kent, if they paid Kent tax, as he was curious to see if they could support ourselves. He asked if they are getting more because people work outside of Kent, adding if that is the case, they may be spending too much money for a town the size of Kent. He said he cannot support an income tax at this time, as long as the issue of reducing the tax credit is on the table.

Ms. Shaffer said she would like to find a way to do what Ms. Wallach suggested, to assure the public if the tax increase is passed, the reciprocity would be raised. She said it may not be 100%, adding she is unsure how to do that. She asked if they put that to the voters, or if they make that an agreement among themselves.

Mr. Wilson said he asked that question of Mr. Silver, and asked Mr. Silver to address the issue. Mr. Silver said he asked whether or not they could write legislation that raises the income tax, with a sunset provision on the decrease in the credit. He said they cannot do that, and the Board of Elections wants one issue on the ballot. He said if they want a sunset provision on the reciprocity, it can be done. He said they can put a sunset provision on the income tax, but cannot mix and match the two issues.

Mr. Wilson said they would have make the commitment that if the income tax passes, they would have to increase the reciprocity.

Mr. Hawksley said he is unsure May is the right time. He said he shared their concerns, but his hesitancy

deals with the future of investments and economic development for the next six months. He said he would like to see how the budget looks, adding he would prefer a November issue versus a May issue.

Mr. Turner said Mr. Thomas gave them a cautionary tale on exactly what past Councils and government has done when dealing with the issue. He said the educational component is one of the most important issues. He said they have to explain it, adding they are one-third of the way there with tax imposition, and still have to go to the voters for the other two-thirds. He said at the end of the day, he is unsure they are going to be supportive. Mr. Turner said they need to go to the community in total, adding they might be able to separate the issue of the structural deficit, which goes to their ability to function. He said the other issue is the efforts for economic development, which is what they would like.

Mr. Turner said the Blue Ribbon Panel met their charge and did an excellent job. He said they still need a set amount of money. Mr. Turner said if they truly believe what they are doing has the support of the community, they should not be afraid to go to the voters. He said they need to do the hard work, like Mr. Thomas said. He said they have to do the shows, do the walking, and go to the neighborhoods. Mr. Turner said they have to work diligently to build their credibility, adding that the voters have the right to make a determination on how the city goes financially. He said if they do not want this, then Council must tighten their belts and live with the determination. Mr. Turner said he believes they need to do this, and they have to sell the idea. He said the ambitions and aspirations for Kent are very important. He said imposing a tax on people, at this time, will not get them from point "A" to point "B".

Chair Wilson reminded Mr. Turner they are just discussing the question of whether or not to put the income tax issue on the ballot. Mr. Turner said what he is saying is that the reciprocity affects their ability to pass an income tax, which is why he brought it up. He said that Ms. Mohr pointed out that people would be less willing to buy into what they are doing because of this tax. He suggested they listen to John Thomas. He said he will support this, but the other aspect of what they are doing is that they must rethinking reciprocity.

Mr. Kuhar said he had one final statement. He said as a city and as a Council, they need to show the residents of Kent they are doing everything they can while spending their money. He said they have to prove they are worthy of an increase. He said when the residents feel the City is giving them the best service, saving money whenever possible, holding back on positions and saving energy to balance the budget, that is the time they can ask for more. He said people do not believe they are doing that now, adding it is their job to make them understand.

Mr. Hawksley said that was exactly right. He said if this Council puts the issue on the ballot, they need to make the commitment to do what he said. He said they need to show what they have done for the five or six years to reduce the economic footprint of Kent. He said if he votes for it, that is a commitment he is making.

Mr. Ferrara said he is not opposed to putting it on the ballot, adding he is opposed to raising the income tax. He said he sees the issue as an excuse for people to pass off a failing measure on the ballot. He said people want to be able to say they will support it on the ballot, but what they mean is they want it on the ballot so they can vote against it. He said it will fail. Mr. Ferrara said the issue boils down to whether Council wants to lead, setting up a position of needing revenues to support economic development. He said that is the case they have made, and was made by Mr. Hoover. He said it is the vision they are looking for, in terms of what they are spending the money on, and what they are trying to achieve.

Mr. Ferrara said of the nine Council members, he is the one who will pay more tax, because he works in Akron. He said he is willing to say he sees the vision, and agrees with that they need the funding to do it. He asked if they are going to ensure they get the funding, or turn it over to the voters, let it fail, and question what they do next. He said it is not an easy decision, adding they are unable to do both. He said the question is whether Council wants to go through the same endeavor next year, or after the ext election cycle. He said they will be spending \$10,000 to \$15,000 to put the issue on the ballot.

Mr. Hawksley said he is unsure what they are saying, and asked if he felt they should not put it on the

ballot. Mr. Ferrara said he is saying that people are hiding behind putting it on the ballot as a means of saying they are doing something to increase revenues for Kent. He said to ensure they have the increased revenues is for Council to decrease the reciprocity. He said an increase in income tax is a worthless endeavor.

Mr. Thomas said at this time, that he knew he was out of order, but this could be Council's finest hour.

Ms. Shaffer said they need to have courage. She said they see the figures and the numbers, and they are looking at a deficit. She said if they put it on in November, it gives them one year to talk about it. She said they have some momentum right now. She said they have the attention of people at this time. Ms. Shaffer said they have to commit to keeping that momentum going, adding they risk losing the momentum if they put it off. She said if it fails, they will make their case again. She said their situation may change, and they may not need the tax increase. She suggested that some cuts will catch people's attention. She said they will have to do cuts if they are looking at a deficit. She suggested that would get their attention to pass an issue. She said they need to step up and have courage.

Mr. Turner said it is somewhat weird to look and listen. He said people are acting as if it is heroic to implement the imposition of the tax, but that going to the voters is cowardly. He said going to the voters is heroic, adding he did not believe he wanted to go to the voters to fail a levy or the issue. He said it is their charge to make a case, adding it is not being cowardly or trying to fail something. He said they need to do hard work, and explain their case to the people. He suggested they let the people make the decision. She said if this fails, they need to regroup and decide what it takes to move the City forward. He said it may be a belt tightening. He said they need to explain what they have done and explain the outcomes they envision for economic development and quality of life issues. He said Mr. Thomas has it right that it is tough. He said they have to take their show on the road and explain to people what they need to do. He said he felt they would get the buy in from the residents, adding it is not cowardly. He said it is the tough job. He said if they give the residents a good plan and let them know the direction, the residents will support it.

Mr. Ferrara said the issue is not just about letting an issue fail, but is about sending a message. He said if they cannot project an image of a city willing to move forward with economic development, who will do the economic development. He said they have to look at what Council is trying to say in setting leadership and a vision for the community. He said they know they are going to make a tough decision, adding it is the funding of economic development. He said he likes the idea of reciprocity, adding at the end of the day, Council would be willing to repeal it once the economy development happens. He said it sends a message to the economic community that they are willing to do this. He said they all believe it will be successful, and then they can repeal it. He said he knows there is a cynical side to the general public, but he disagrees. He said that reasonable people will be able to take that tax back. He asked what happens if the issue does not pass, and asked who would want to come to Kent.

Mr. Hawksley said they will pass the reciprocity, adding that this is the other piece of the Blue Ribbon Panel recommendations.

Mr. Amrhein said it is important to those working in Kent to realize they need to share. He said what they are doing is splitting, adding that is not good.

The Clerk restated the motion, as amended, at this time.

Ms. Wallach said she wanted to add an amendment, and Mr. Wilson said she was unable to as she made the motion.

The motion carried by a hand count of 5-3-1, with Mr. Amrhein, Ms. Shaffer, Ms. Wallach, Mr. DeLeone, and Mr. Hawksley supporting the motion. Mr. Turner, Mr. Kuhar, and Mr. Ferrara dissented, and Mr. Wilson abstained.

Mr. Wilson said the next issue dealt with the property tax increase. He suggested they may wish to

reschedule this, as the Administration requested an executive session.

It was agreed that the item would be rescheduled by the Chair.

MOTION TO RECESS INTO EXECUTIVE SESSION FOR PENDING LITIGATION AND PROPERTY ACQUISITION.

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

Roll call was taken on the vote. Voting aye: Mr. Amrhein, Mr. DeLeone, Mr. Ferrara, Mr. Hawksley, Mr. Kuhar, Ms. Shaffer, Mr. Turner, Ms. Wallach, and Mr. Wilson. The motion carried by a voice vote of 9-0.

Chair Wilson recessed this meeting at 9:26 p.m. Following Executive Session, Chair Wilson reconvened this meeting at 10:00 p.m.

MOTION TO APPROVE A SHORT-TERM LEASE WITH LINCOLN BARRINGER FOR "THE BARN," PROPERTY LOCATED AT 200 S. DEPEYSTER STREET.

Motion made by Mr. Ferrara, seconded by Mr. Kuhar, and carried by a voice vote of 8-0-1, with Mr. Wilson abstaining.

Hearing no further business before this Committee, Chair Wilson adjourned this meeting at 10:02 p.m.

Linda M. Copley, Clerk of Council

ACTION RECOMMENDED:

- 1) TO AUTHORIZE THE ADMINISTRATIVE RECOMMENDATION ON THE CITY'S NOTES.
- 2) TO AUTHORIZE THE RECLASSIFICATION AND RENAMING OF THE PLANS ADMIN. POSITION
- 3) TO AUTHORIZE A 0.25% INCREASE OF THE INCOME TAX FOR THE MAY BALLOT
- 4) TO AUTHORIZE A SHORT-TERM LEASE WITH LINCOLN BARRINGER FOR "THE BARN", LOCATED AT 200 S. DEPEYSTER STREET