

**THE CITY OF KENT, OHIO  
FINANCE COMMITTEE  
WED., APRIL 25, 2007**

This meeting of the Finance Committee of Kent City Council was called to order on Wednesday, April 25, 2007 at 7:35 p.m. by Chair Wayne Wilson.

**PRESENT: MR. BARGERSTOCK, MR. DELEONE, MR. FERRARA, MS. GAVRILOFF, MR. HAWKSLEY, MR. KUHAR, MS. OSWITCH, MR. SCHULTZ, AND MR. WILSON**

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

Chair Wilson explained the first item for discussion dealt with the lease for 803 Fairchild Avenue, as recommended by the Park Board.

**Dave Ruller, City Manager**, explained that **John Idone, Director of Parks and Recreation**, previously sent information, and that **Jim Silver, Law Director**, was present to speak to their questions. Mr. Ruller said that this is the house adjacent to the soccer fields, adding the lease is up and they want to renew with a different tenant. He said Mr. Idone presented them with a short analysis of the cash flow, and feels that with the projected rates, it would be positive, to the tune of \$8000. He said they are asking Council's support to enter into that lease.

Mr. Silver said this is the "mother-in-law" suite, adding it was previously leased for the same amount with the tenant paying the utilities.

Mr. Kuhar said he thought the utilities were furnished, and Mr. Silver said that because of his efficient secretary, he was unable to find his copy of the lease. Mr. Kuhar asked if the \$8000 is in consideration of the utilities, if they were furnished, and Mr. Wilson said that the monthly rent included utilities.

Mr. Kuhar questioned if the City furnished the utilities, how they could anticipate a profit of \$8000, and Mr. Silver said he did not know. Mr. Kuhar suggested it could be for both properties, and Mr. Silver said that was possible, adding he would have to ask Mr. Idone. Mr. Kuhar said that something did not work out with the figures.

Mr. Kuhar asked how this was advertised, and Mr. Silver said he could not answer that question. Mr. Ruller said that Mr. Idone was supposed to be present. Mr. Silver said he did not know if it was advertised, adding that Mr. Bargerstock raises that question whenever they do anything with real estate. He said they do have leeway as a Charter city, adding it is legal and they can do it. Mr. Kuhar said he wanted to know where they got the tenant, and needed some questions answered.

Mr. DeLeone said he thought the two houses split the utilities, and Mr. Silver said he did not know. Mr. Kuhar said they cannot split them without meters, and Mr. Hawksley said they were prorated. Mr. Wilson said it was included in the lease agreement. Ms. Oswitch asked if there is the potential they make hardly any money off the home, adding that gas bills increase every time they turn around. Mr. Silver said they are making more than they would if it were sitting empty. Ms. Oswitch said that was true, if they did not advertise it and rent it to someone else.

Mr. Wilson said that the Parks and Recreation Department keeps a close eye on the house, and made them turn off the Christmas lights last year, as it was running up the utilities.

Ms. Gavriloff asked how \$550 monthly makes \$8000 profit, adding it is only \$6600. She asked how they know if the tenant is credit worthy and if they made application. She asked how they know the tenant is going to pay the rent, and asked if there is a process.

Mr. Silver said that under the City ordinances, the Parks and Recreation Board was given responsibility to take care of their property. He said several years ago, Council asked that any long term leases come back for approval. He said they did not want to know about the shelter house or any of the pavilions, but did want to know about these types of ordinances. He said he is unsure if the process has changed for how Parks and Recreation rents property.

Ms. Gavrilloff said she cannot support this as they do not know the answers. She said she wants to now the answers as they are supposed to be fiscal stewards. Ms. Gavrilloff said she knows that the Park Board is their own body, but if they are to give the blessing, she would like to know those answers.

Mr. Bargerstock said he has multiple questions. He said the Law Director said they can exempt themselves with regard to the sale and/or lease of the real estate from the State statute. He asked about exemption from state and/or federal fair housing laws, and Mr. Silver said they are not exempt. Mr. Bargerstock asked how they comply with equal opportunity and fair housing laws with respect to leasing property, and Mr. Silver said he assumed Mr. Idone handled that in the process. Mr. Bargerstock asked if there are any applications on file, adding he did receive a copy of the proposed lease but nothing else. He asked if there were no applications, and no one else bid on it, how they complied with fair housing laws, and Mr. Silver said he did not know if that statement was accurate.

Mr. Bargerstock asked Mr. Silver to explain the process, and Mr. Silver said if an applicant comes forward and is qualified, they are not violating fair housing standards. Mr. Bargerstock asked how the applicant came forward, and Mr. Silver said he did not know in this case. Mr. Bargerstock asked, if they never ask for applications, how they can comply based on Mr. Silver's procedure, and he said he did not know.

Mr. Bargerstock said the proposed lease said that Mr. Silver approved it as to form, and asked if Mr. Silver prepared it, and Mr. Silver said he prepared it. Mr. Bargerstock asked if he would call it a lease for years or a periodic lease, and Mr. Silver said he did not have it in front of him. Mr. Bargerstock said it is a lease for a one-year period, and asked if it was a periodic lease or a lease for years, and Mr. Silver said it is a one-year lease.

Mr. Bargerstock said he reviewed the lease and they have a problem. He said the lease calls for the tenant to provide personal fire insurance, but there are no provisions to verify liability insurance, naming the City as an additional insured. He asked how they can be certain the tenant has liability insurance and the City is exempted, and Mr. Silver said that the City carries insurance on the structure. Mr. Bargerstock said there is a requirement that proof be required, and asked how they know what was provided for proof. Mr. Silver said he assumed that Mr. Idone asked for a cover sheet for insurance, and Mr. Bargerstock said there is no language in the lease. Mr. Silver said if it is not stated, they can add something. Mr. Bargerstock asked what the monitoring process was and who did it, and Mr. Silver said that would be Mr. Idone. Mr. Bargerstock asked if Mr. Idone had any insurance experience, and Mr. Silver said he did not know what experience Mr. Idone had with experience.

Mr. Bargerstock said the payments are being made to the Parks and Recreation office. He said he understood it was a Parks and Rec. budget item, and asked if any other residential leases do not go to the Finance Department, and Mr. Silver said the other house on that property is a Parks property. Mr. Bargerstock asked why payment would be made to the Parks and Recreation office, not the Finance Department, and Mr. Silver said the property was dedicated for park purposes and the Department has control at that point. Mr. Bargerstock asked if it was correct there is no procedure to verify timely payments on the lease, other than the Parks Department's personal verification, and Mr. Silver said that was correct.

Mr. Bargerstock asked if there were any efforts to make the public aware the property would be vacant, and Mr. Silver said he did not know. Mr. Bargerstock said that Mr. Wortman was listed in the lease, and asked if anyone knew Mr. Wortman's relationship to anyone. Mr. Silver said he was sure Mr. Wortman was related to someone. Mr. Bargerstock asked if he was in an employment situation or covered under a contractual agreement, and Mr. Silver said he did not think so, to the best of his knowledge. Mr. Bargerstock asked how Mr. Wortman became aware of this property, and Mr. Wilson said he thought that

question was already answered about four times. Mr. Bargerstock said Mr. Silver answered about the rest of the public, and he is asking about how Mr. Wortman became aware of this property, when no one else is aware. Mr. Silver said it may be a surprise to them, but did not know the answer to that question.

#### **MOTION TO TABLE THIS DISCUSSION.**

Motion made by Ms. Gavriloff, seconded by Mr. Ferrara, and carried by a hand vote of 5-4, with Mr. DeLeone, Mr. Hawksley, Mr. Schultz, and Mr. Wilson dissenting.

Mr. Wilson said the next item dealt with the fee increase for weekly rental containers for recycling services.

Mr. Ruller said that **Gene Roberts, Service Director**, previously provided a short summary. He said Mr. Roberts described the situation with rental rates that the County wished to deploy. He said they needed businesses in Kent to conform to the same rental rates. He asked Mr. Roberts to summarize it further at this time.

Mr. Roberts said that **Charlie Raimer, Portage County Solid Waste**, was also present. He said the Solid Waste District, because of increased costs of the recycling containers, increased their rental price. He said this price represents the cost of the actual dumpsters. He said the toter, which is all plastic, went up 44%, while the steel dumpsters with plastic lids, varying from two to eight yards, went up 50%. He said the \$1.50 monthly fee is the cost charged if a business owns their own dumpster. He said the lease is all that is increasing, adding that the administrative would remain the same.

Ms. Oswitch asked if this was for recycling only, and Mr. Roberts said it was only for business recycling. Ms. Oswitch asked how this would affect the schools, as they use the same bins, and Mr. Raimer said they would pay the same price.

Mr. Hawksley asked if people can buy their own bins, and Mr. Roberts said it is possible, but the property owner is responsible if someone torches it, which is part of the risk. Mr. Hawksley asked if that was an option, and they would pay only the \$1.50 collection fee, and Mr. Roberts said that was correct. He said they would have to be suitable containers.

Mr. Kuhar said he understood that this was strictly for nonresidential small businesses, and if they did not have enough recyclables, they would be treated like a residential customer, and Mr. Roberts said that was correct.

Mr. Bargerstock asked what size the little green containers were that residents use, and Mr. Raimer said they are eighteen gallons in size. Mr. Raimer said the ninety-gallon toter is large in size. Mr. Bargerstock said looks like a good deal for \$6.50, versus the resident paying \$2.75 per month for the little containers. He asked why the residents are paying so much, and Mr. Raimer said they receive, primarily, high value material from businesses, like cardboard and office paper. He said this exceeds the revenue of the small bins. He said it takes the same amount of time to take the small bins from a household or a large container from a business, while they receive more material from business.

Mr. Bargerstock asked why residents could not have the 90 gallon tote that was picked up monthly, instead of the little containers. He said he is a small business that has no employees, and takes his recyclables home. He said if he has large amounts, he takes them to the center. He said there seems to be a huge inequity with what they are doing for the residents. Mr. Raimer said this is based on weekly pickups, adding they expect most businesses to fill a ninety-gallon toter weekly. He said that most residents want to put their recyclables out weekly.

Mr. Raimer said he has been doing this for a long time, and no resident has ever requested a ninety-gallon toter. Mr. Bargerstock said he was unsure the residents were aware. He asked if they wanted one, could they request one, and Mr. Raimer said they could, but he would probably recommend another eighteen-gallon tote. He said some homes have five or six bins, and Mr. Schultz commented that they stack nicely.

At this time, there were no further questions nor audience comment.

**MOTION TO AUTHORIZE CHANGES TO THE BUSINESS RECYCLING ORDINANCE.**

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

Mr. Schultz said that other than the micro managing, this is the District's business. He said they know how to run it and know their costs. He said the District knows what is best.

Mr. Bargerstock said he did not have a problem with the information. He said he was surprised. He said it appears they are doing something wrong with the residential recycling program. He said this kind of break should be seen by our residents, particularly with student housing. He said if they have been around student housing, they probably have seen 95 gallons of cans in and around the bin. He suggested they need to revisit that issue, adding it would be a tremendous cost savings for the City.

Mr. Kuhar said he would support the motion, adding he does not know anyone who has been turned down when requesting extra containers. He said a lot of the containers seem to disappear for personal reasons. He said it may take a different piece of equipment to pick up a 90-gallon container, adding the 18-gallon container is convenient. Mr. Kuhar said he did not want his milk bottles laying around for one month. He said if they want to dump 90 gallons weekly, nothing extra would be charged.

The motion carried by a voice vote of 8-0-1, with Mr. Wilson abstaining.

Hearing no further business before this meeting, Chair Wilson adjourned this meeting at 8:00 p.m.

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Linda M. Copley, Clerk of Council

**ACTION RECOMMENDED:**

- 1) **TO TABLE THE LEASE FOR 803 FAIRCHILD AVENUE**
- 2) **TO AUTHORIZE PROPOSED CHANGES TO THE BUSINESS RECYCLING ORDINANCE.**