

**THE CITY OF KENT, OHIO  
FINANCE COMMITTEE  
WED, NOV. 7, 2007**

This meeting of the Finance Committee of Kent City Council was called to order at 7:00 p.m. on Wed., Nov. 7, 2007 by Chair Wayne Wilson. Chair Wilson explained the sole purpose of this meeting was a discussion on the recommended budget for 2008.

**PRESENT: MR. BARGERSTOCK, MR. DELEONE, MS. GAVRILOFF, MR. HAWKSLEY, MR. KUCHAR, MS. OSWITCH, AND MR. WILSON**

**ALSO PRESENT: J. FENDER, MAYOR; D. RULLER, CITY MANAGER; L. COPLEY, CLERK OF COUNCIL; J. SILVER, LAW DIRECTOR; B. RISSLAND, DIR. OF BUDGET & FINANCE; W. LILLICH, SAFETY DIRECTOR; J. FERLITO, HEALTH COMMISSIONER; J. PEACH, POLICE CHIEF; & G. ROBERTS, SERVICE DIRECTOR**

**ABSENT: MR. FERRARA AND MR. SCHULTZ**

Chair Wilson introduced **Dave Ruller, City Manager**, at this time. Mr. Ruller said he hoped they all had a chance to review his correspondence that was sent with the budget, which gave them an overview. He said for the most part, there are no surprises in the budget, and there has been no change in their revenue stream. He said the budget is status quo, and **Barb Rissland, Director of Budget & Finance**, would be reviewing it with them section by section.

Mr. Ruller said they spent a lot of time with the Blue Ribbon Panel. He said their particular finances are not that much better than last year, but he personally feels more optimistic. He said they are in the woods, but have a trail mapped to take them out of the woods. Mr. Ruller said they have a few trails from the Blue Ribbon Panel or can use other trails. Mr. Ruller said from a staff level, it makes it easier to plot the course. He said they have reviewed the finances with Council, the community, and the panel, and the desires were of no surprise. He said people want economic development, work in their neighborhoods, and public safety. He said any ability is focused in those three areas, which are the direct result of their conversations in the last few years.

Mr. Ruller said, in general, the revenues are not looking "super bright", but as he indicated, there are bright spots on the horizon. He said they are on track for meeting this year's targets. He said there is no net increase, and they are holding steady. He said income tax represents a large amount of their general government service expenses, and they had the closure of RB & W and Giant Eagle. He said having the Toyota dealership sticking around is a good thing, as well as Save A Lot, which will be opening very soon. He said that should help keep their stability.

Mr. Ruller said their expenses are cut to the bone. He said they are operating with 10% fewer people, and have made a commitment to keep them whole with inflation, as they are doing more work. He said the non-personnel materials and supplies, with exception of things like fuel, have a no net increase.

Mr. Wilson said his plan is to handle it like the previous year. He said they would review each section, with the Budget & Finance Director explaining the sections. He said he would take their questions, audience comment, and then ask for their approval. He said if they want further discussion on any issue, they could move to approve the budget, with those items being held.

Ms. Rissland said she would not review the Manager's message as he already reviewed it. She said the budget overview is similar to the previous years. Ms. Rissland directed their attention to the first page, which lists the revenue categories. She said they show an increase in income tax, and it may be 3% over last year's actual figure, which is good news. She said they are now showing both JEDDs. Ms. Rissland said the Brimfield-Kent is at .5% and the Kent-Franklin is at 1%. She said in five years, the Kent-Franklin JEDD will be 2% and will double.

Ms. Rissland said the rest of the numbers are flat. She said they show the federal, state, and local aid. She said they listed Project Specifics, and those include the Fairchild Bridge, Hike and Bike Trail, and EPA Brownfield Grant. Ms. Rissland said their local government fund is relatively flat, while they may see an increase in shared taxes and fees, mainly from the new CAT tax, designed to make up for the loss of personal property tax.

Ms. Rissland said that interest rates were projected to be up, although the DOW dropped earlier in the day. She said the fines and forfeitures decreased, and they attribute that to the reduced number of safety forces. Ms. Rissland said everything else is status quo.

Ms. Rissland displayed a graph, showing the major categories are flat without much change except for grants.

Ms. Rissland said the next section shows the use of municipal income tax dollars, which is similar each year. She said they fund various accounts, and those figures are fairly consistent year to year.

Ms. Rissland said the next page compares personal services, Operations and Maintenance, Capital, and other costs, like debt service funds. She said that she included percentages for the years 2004 through 2008. She said the personnel line includes salaries, negotiated wage increases, and benefits. She said that increased a little more than 3% annually, mostly because the pension contribution has been increased by the State as well as an increase in health insurance costs. She said the next column depicts their operating expenses, and include items like their utilities, fuel, materials, and chemicals. She said 2008 as compared to 2007, shows a 4.9%. She said the overall budget in 2004 was \$6.654 million, and in 2008, they project \$6.831 million, which is less than a \$200,000 increase in four years. Ms. Rissland said that results from staff keeping the costs down.

Ms. Rissland said all Capital listed is in the Five Year Capital Plan. She said there are additional funds listed in the Parks and Recreation budget for the Hike and Bike Trail. She said the City is the lead agency, and must spend the monies in order to be reimbursed.

Ms. Rissland said the last section is the program area, and shows the change year over year for all categories.

Ms. Oswitch referred to the Municipal Income Tax Dollars, and asked why \$300,000 is missing for S.C.M.R. Ms. Rissland said they did not use the monies. She said that pays for operating costs, such as snow plowing and patching, and does not pay for capital items. She said they had a light winter, with some left over funds, and that the gas taxes were coming in better than anticipated.

Ms. Oswitch noted that the insurance fund supports the retirees, and noted the reduction. Ms. Rissland said the pool is going down, as they no longer fund the insurance for retirees.

Mr. Hawksley said in Section 1.1, Fines and Forfeitures, they are showing a \$50,000 decrease, and asked why it is lower in 2008. Ms. Rissland said with some positions not filled, they experienced drops in the Fines and Forfeitures. She said she has spoke with the Police Chief and the Safety Director, and they correlate it to the reduced officers on the road.

Mr. Kuhar asked if Ms. Rissland had any figures on the delinquencies of income tax and property tax, and Ms. Rissland said she did not have the property tax figure. She said she receives that figure from the County Auditor. She said the figure is in the City's CAFRA, which is available online at the State Auditor's website. She said the delinquencies are shown year over year. Ms. Rissland said they have a .5% delinquency rate on their income taxes, and according to the Code, can only collect three years back. She said the delinquent taxes are forwarded to Attorney David Sed, who keeps one third of what is collected and the court costs.

Mr. Kuhar asked if the figure she lists includes what they are not going to get, and Ms. Rissland said it is not included in that figure, and totals about \$50,000. She said if it is a little amount that is delinquent, it is difficult to prosecute, as they end up paying more for prosecution.

Mr. Kuhar asked if she did not have the delinquent property tax figures, and Ms. Rissland said it is on the State Auditor's website. Ms. Oswitch said she had that number, and it was \$87,851 for property tax levies and collections. She said it increased annually, and asked if that is a trend. Ms. Rissland said it probably was a trend, with the increase in foreclosures.

Hearing no further questions from the committee, Chair Wilson called for audience comment.

**Bill Anderson, 426 Spaulding Drive:** Mr. Anderson asked why they show swimming pool inspections, and asked where there are swimming pools in Kent. **John Ferlito, Health Commissioner,** said there are three at Kent State University; one at Roosevelt High School; one at College Towers; and one at the University Inn. He said they have a total of sixteen pools they inspect annually in Kent.

Ms. Rissland said the next section was the General Government section, and displayed a break down at this time. She said there was a personnel request from the Engineering Division, as they wanted an employee to look at the flooding problems. She said they also wanted that employee to work with the NPDES permit requirements and tracking of the storm water permit. She said Engineering currently has two vacant positions, and recommended they review those vacancies before this request is considered.

Ms. Rissland said the Civil Service Commission requested their Administrative Assistant be upgraded, and that also was not recommended at this time, pending further study. Ms. Rissland said other personnel changes in budget were already approved.

Ms. Rissland said in the General Fund, personnel costs increased 2.38% over 2007.

Ms. Rissland said the operating and maintenance section for General Government shows a 2.11% increase, with \$5000 related to an increased level of hiring in the Human Resources Department and the Civil Service Commission. She said the remaining items totaled 1.77%, with \$50,000 for capital, which was included in the Five-Year Capital Plan. She said the budget was fairly flat and status quo.

Ms. Gavrilloff asked the balance of the General Fund, and Ms. Rissland said she did not have that figure off the top of her head. She said that information was provided in the Five-Year Capital Plan discussion in October. She said that there are five funds (General, S.C.M.R., Income Tax Safety, Fire & EMS, Income Tax, and Capital Projects) that are combined in the capital plan, adding they do not specifically list the General Fund.

Ms. Oswitch said on page 2-31, they speak of the City paying the utility bills for the rental units, adding this caused her to laugh. She questioned why they are not doing this for all other rentals in Kent, and asked about the proposed policy. She said it appears to be okay for them to do this, but not for anyone else. Ms. Rissland said she believed that was for electric and gas. She said there is a meter that Ohio Edison and Dominion will not change.

**Gene Roberts, Service Director**, said some of the units have a house meter. He said when two units are billed off of one meter; Dominion will not allow them to separate it. He said the City pays the bill, splits it, and sends it to the tenants.

Chair Wilson asked for audience comment at this time.

**Dave Smith, Daily Kent Stater:** Mr. Smith asked what the operating expenses increase was for 2008, and Ms. Rissland said it was 2.11%. She said if they remove the increased level of hiring, it reduces to 1.77%. She said the total increase for General Government is \$32,150 over 2007.

#### **MOTION TO AUTHORIZE THE GENERAL GOVERNMENT SECTION.**

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

Ms. Rissland said the next section is the Safety section. She said there is an increase in personnel of 3.08%, with no new positions. She said the position of the Assistant Fire Chief is not recommended, pending further stabilization of their revenues.

Ms. Rissland said the operating expenses did increase 8.85% or \$81,000 for 2008. She said the Safety Director requested \$7500 for professional services for the City's Emergency Plan. She said \$9000 was requested for fuel for the police with \$3000 requested for fuel for the fire. Ms. Rissland said that \$8000 was ammunition requested for the new guns, and \$7000 covered their contractual services as they relate to the City's share for the Drug Task Force. Ms. Rissland said there are \$7100 for utilities for fire, and the inclusion of a new cost center, Wireless 911. She said they are getting monies to implement this system, adding they have \$25,000 that has to be spent. Ms. Rissland said that either the Safety Director or the Police Chief could address that item now or at a later date, She said with the exclusion of those items, the remainder only increased 162%. She said all capital listed was approved in the Five Year Capital Plan.

Mr. Kuhar asked why the pages in his book were different than the figures being displayed, and several members said they did not have the information displayed in their budget. Mr. Kuhar asked why they do not have it, and Ms. Oswitch said it is confusing. Chair Wilson agreed. Ms. Rissland said it does not have to be included. Mr. Kuhar said that he is not a CPA, and the information confuses him. Ms. Rissland said the first section of each cost center is summarized, with respect to personnel.

Ms. Oswitch said on page 3.3, it speaks of \$7000 in the program comments for contractual services, and asked why Forfeiture Funds are not being utilized, and Ms. Rissland said they are, to the extent that they can be utilized.

**Jim Peach, Police Chief:** Chief Peach told Ms. Oswitch she asked a good question. He said trust funds are not guaranteed like the general budget. He said most of their trust funds are dedicated to their K-9s, equipment acquisition

and to support the task force. He said if they receive monies obtained through the Portage County Drug Task Force, they would not need the monies. He said they want to be sure they have something, in the event it does not pan out.

Ms. Oswitch said the narrative speaks about the Officer Bill program, adding she thought they were not doing it any more. Ms. Rissland said if they are no longer doing it, it is an error on her part for not updating the program description.

Ms. Rissland said on page 3.19, there are three unfilled positions in the Fire Department. She said they raised ambulance fees to cover those positions, but are not hiring them. She asked if they should review their ambulance fees, and Mr. Ruller said they are using those dollars for the recent increase in the minimum staffing for the shifts. He said they cannot support the positions, but did dedicate it to an increase in man-hours.

Ms. Oswitch said when they discussed the purchase of an ambulance through the existing Vehicle replacement Reserve monies, where is that balance, and Ms. Rissland said they fund that reserve annually. She said she did not have those figures with her. She said on page 3-20, it shows the funds (under Line 63) they are putting into the reserve, which is \$125,000. She said they put monies in the reserve annually, and the Safety Director works with the Chief on which vehicles need to be replaced. She said those monies come from that reserve. Ms. Oswitch asked if the existing Vehicle Replacement Reserve is the line that says Engine Replacement Reserve, and Ms. Rissland said that was correct. **William Lillich, Safety Director**, said that is the allocation for 2008. Ms. Oswitch asked if the budget book contained the total amount in that line, and Mr. Lillich said it is not included. He said he would get her that information the following day.

Ms. Oswitch asked if the decreases in PERS, Medicare, and Insurance on page 3-20 (Lines 14, 15, and 16) were because of the retirees or if they did not expect higher costs. Ms. Rissland said they are higher, and Ms. Oswitch said the recommended are lower than the requested amount. Ms. Rissland said that is because they are not recommending the Assistant Fire Chief. Ms. Oswitch asked if the overtime was different because of the minimum staffing, and Mr. Lillich said they are using monies budgeted in the salary line, for the time being, to cost overtime. He said it is the monies from the unfilled position. Ms. Rissland said after some time, they would see how the minimum staffing impacts those lines, and make the necessary adjustments.

Mr. Lillich displayed a spreadsheet at this time, which shows budgeted expenses on the equipment. He directed their attention to substantial maintenance work on the tower (large aerial truck) and the purchase of a replacement inspection car. He said with those expenditures, and the allocation of \$125,00, they should have \$179,062 for the beginning of 2008. Ms. Oswitch asked if that reserve was for the whole City, and Mr. Lillich said it only deals with the rolling stock in the Fire Department. Mr. Lillich said in fifteen years, they must replace an engine, and anticipate it will cost \$600,000. He said they also look at what they should be contributing to the reserve. He said they would see on the projections that the figures go into the negative, as compared to the purchases.

Ms. Oswitch asked if this information is in the budget, and Ms. Rissland said it is not in the budget. She said there is no equipment reserve in the Police Department or any other department. She said they track what they think they need, but do not have a reserve. Ms. Rissland said they are looking at a vehicle pool, because one vehicle that has high miles may be used by another department. She said they wanted to evaluate that also in the upcoming year.

At this time, there were neither further questions nor audience comments.

#### **MOTION TO AUTHORIZE THE PUBLIC SAFETY SECTION.**

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

Ms. Rissland said the next section was Transportation, and includes Central Maintenance, State Highway, Vehicle Maintenance, and Capital Projects. She said that the personnel costs were 1.9% less than 2007, adding it was because of a reduction in overtime. She said operations increased 11.91%, and included \$90,000 for Central Maintenance for new meter parts that allow radio reading and \$6000 for fuel costs, with the remaining increase being .97% or \$8500.

Ms. Oswitch asked if the fuel costs are higher, where they would get the money, and Ms. Rissland said it would be from the Contingency Fund in S.C.M.R. She said they usually have an appropriation amendment in December, and use unappropriated fund balances if needed.

Ms. Oswitch noted on Page 4-12, there is \$1 million missing from the Fairchild Bridge, and Ms. Rissland said it was deferred to the following year. Ms. Oswitch asked why they are not doing the safety improvements from Willow to Lincoln, and Ms. Rissland deferred to the Service Director at this time.

Mr. Roberts said they elected to take that out, and do it at a less cost as part of the street program. He said it was also scaled down, as it used to not allow left turns, and now there is a left turning lane. He said they are still making a determination on what to implement.

At this time, there were neither further questions nor audience comment.

#### **MOTION TO APPROVE THE TRANSPORTATION SECTION.**

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

Ms. Rissland said the next section was Utilities. She said the personnel costs increased .80% or \$12,000 overall. She said there was a change in how the licensures are done for the plants, contributing to less than a cost of living increase. She said the operations section increased \$18,500 or 1.14%. Ms. Rissland said the Capital listed was approved in the Five-Year Capital Plan.

Ms. Oswitch said she was surprised to see \$50,000 for equipment in the Water and Water Reclamation budgets, but they do not know what that equipment is at this time. Ms. Rissland said that started a few years earlier, when they decided to leave it to the plan manager's discretion. She said smaller pieces of equipment need to be replaced, and this eliminates excessive communication.

Ms. Rissland said on page 5-9, Refunds, she felt that was an overpayment. She said if someone overpaid them \$100, they would already have that money to return it, and questioned why they needed \$62,000. Ms. Rissland said if someone overpays a water bill, and wants their money back immediately, this fund is used. Ms. Oswitch said they already have the money, and Ms. Rissland said that is revenue, and it offsets this. She said this allows them to give it back to the customer, as it is an appropriation of funds.

Mr. Wilson said to be able to give it back; they have to have a line item in the budget to allow this. Ms. Oswitch asked if the money is there, and Mr. Ruller said this is typically a rounded number. He said they use this line item to pay for those overcharges.

Ms. Oswitch asked Ms. Rissland to explain the repayment of startup costs on page 5-13, where there are funds going from storm water to income tax. Ms. Rissland said the Income Tax Fund fronted the Storm Water Utility Fund about \$300,000 to pay the engineer who did the storm water studies and determined the ERU amounts. She said the money was advanced, with a payback annually until repaid.

Mr. Kuhar said he wanted to return to the issue of refunds. He said the actual was \$15132 for 2006, and questioned why they are budgeting \$62,000. Ms. Rissland said it fluctuates. She said they estimate water bills when they do not get an actual reading, and continue to increase it until the customer contacts the City. She said the actual read is usually less than what was billed during the estimated period, generating a refund. Mr. Kuhar said it is not a refund, it is a credit, and Ms. Rissland said it is their money, and if they want a check, the City must cut it. She said if they leave it as a credit that is fine too. Mr. Kuhar asked if this did not occur in 2005 or 2006, and Ms. Rissland said that 2006 was a lower year. Mr. Kuhar said he was curious what the pattern was over the last five years, and just wanted to know why it is so much higher.

There were neither further questions nor audience comments at this time.

#### **MOTION TO AUTHORIZE THE UTILITIES SECTION.**

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

Ms. Rissland said the next section was Health Services She said there was an increase in personnel costs of 2.98%. She said maintenance increased 6.2% or \$11,700. She said previously the Medical Director was not paid. She said he moved out of the area, and State law requires they have a medical director. She said they entered into a professional service contract, and that person wanted their medical malpractice insurance paid. She said that amount was \$5700. Ms. Rissland said that \$4000 was for additional testing per the NPDES permit. She said the remaining items increased \$2000 or 1.06%. Ms. Rissland told them Mr. Ferlito was present to answer any questions. There were neither questions nor audience comment at this time.

#### **MOTION TO AUTHORIZE THE HEALTH SERVICES SECTION.**

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

Ms. Rissland said the next section was Leisure Time Activities. She said personnel costs increased 8.86% or \$72,388, adding they upgraded a part time position to a full time position, resulting increased monies and benefits. She said the before and after school program expanded, which is a large part of the increase. She said the program is paid through user charges. Ms. Rissland said operations increased 4.96%, and all capital was approved in the Five-Year Plan.

Mr. Kuhar asked if the Parks and Recreation budget is funded separately, and Ms. Rissland said it is financed through property tax levies and user charges.

Ms. Oswitch said the Depeyster Street Park needs to be added to the narrative, and Ms. Rissland agreed.

Mr. Bargerstock said page 7-1, speaks of the "repayment of 2005 land purchase", and asked if the rents from the property were to pay this repayment. Ms. Rissland said it would, partially, added the Parks and Recreation budget is paying \$20,000 annually from varying sources. Mr. Bargerstock asked if the rents are current, and **John Idone, Director of Parks and Recreation**, said that one apartment is delinquent. Mr. Bargerstock asked how many months behind, and Mr. Idone said it is two months. Mr. Bargerstock asked if that is the same one they are having problems with, and Mr. Idone said the tenant is vacating the premises, and was to be out by Nov. 1. He said he has informed them he is moving, and Mr. Bargerstock asked if he was still there. Mr. Idone said he was not sure if he was still there. Mr. Bargerstock asked if there is any formal action, and Mr. Idone said there is none at this time. Mr. Bargerstock asked if he is a City employee, and Mr. Idone said he was terminated.

Mr. Wilson asked that they return to the subject of this meeting, which was the budget, and Mr. Bargerstock said the propriety of how they lease is a budget issue. Mr. Wilson said it was not appropriate for discussion on the budget, and Mr. Bargerstock said it is a budgetary issue if they are not taking an action to collect the money. Mr. Wilson said if it is going to court, they should not be discussing it in an open meeting. Mr. Bargerstock asked when they were going to lease this property the correct way, and Mr. Wilson asked other committee members for their questions.

There were neither further questions nor audience comments at this time.

#### **MOTION TO ADOPT SECTION 7 (LEISURE TIME ACTIVITIES).**

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

Mr. Bargerstock said the property was not leased properly, in accordance with City standards, and now is two months delinquent with no action. He said it is not the way they do business, adding it is still City property. Mr. Bargerstock said the property is not under the Parks Department's control, adding it is under Council's control. He said they are not doing their job right, and questioned when they would be. He said they have made a mess out of real estate management.

The motion carried by a voice vote of 5-1-1, with Mr. Bargerstock dissenting and Mr. Wilson abstaining.

Ms. Rissland said the next section was Community and Environment. She said that personnel increased 9.21%, as the Code Enforcement officer went from part time to full time, resulting in increased salary and benefits. She said operations and maintenance increased 5.38%. She said major items included an increase of \$15,500 for Adopt-a-Spot, which is a contract for watering. She said they have dues for Main Street in the amount of \$3000, with \$30,000 in program expenditures. She said they loan grant monies to someone, and when the house sells, the money returns to the City. She said it must be spent. Ms. Rissland said that overall, there was a decrease to all other items in operations and maintenance.

Ms. Gavriloff asked if Mary Gilbert's position (Executive Director of Main Street) was in this budget, and Ms. Rissland said it was listed under Main Street.

Ms. Oswitch asked what UDAG was, and Ms. Rissland said it is the Urban Development Action Grant. She said they received it several years ago for Land o Lakes and Davey Tree. She said when those funds were repaid; they have to spend them for other services.

Mr. Bargerstock asked how much and where was the monies they were paying DKC for their management for the West River, and Ms. Rissland said costs associated with Land Banking are listed under Land Banking. She said they are showing \$126,000 for principal and interest payments. Mr. Bargerstock asked how many years that will continue, and Ms.

Rissland said they could borrow down for the first five, and pay it off over the next 15, for a total of twenty years. She said they are under \$500,000, and it will be paid in less than five years.

Mr. Bargerstock asked how much profit they have seen on development of the West River neighborhood since the 1990s, and Ms. Rissland said it depends on the definition of profit. She asked which numbers he wanted, and Mr. Bargerstock said he wanted real numbers. He questioned if they made money or lost money, and Ms. Rissland said she did not have that money, but would return at a later time with them.

There were neither further questions nor audience comments.

#### **MOTION TO APPROVE THE COMMUNITY AND ENVIRONMENT SECTION.**

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

Mr. Kuhar said he had trouble supporting the Main Street Program, adding it is a highly paid full time position. He questioned the need for a full time Code Enforcement Officer, also and said he would vote against it.

Mr. Bargerstock said his comments were directed at a policy in place by Council and previous Administrations. He said land banking was a financial disaster, adding the Finance Director does not know if there is a profit or loss. He said they should not be doing this, and he cannot fund continued support of a loser. He said he cannot continue to fund these types of activities or special interest groups, or can he support a city employee operating a not-for-profit organization.

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

Ms. Rissland said the next section was Debt Service and Contingency. She said this shows outstanding debt service, and contingency funds that can be transferred. She said these are the same as they have been for several years.

Ms. Rissland said the next page shows the outstanding debt, as well as the principal and interest payments.

At this time, there were no questions from the neither committee nor audience comments.

#### **MOTION TO APPROVE SECTION 9 (DEBT SERVICE & CONTINGENCY)**

Motion made by Mr. Hawksley seconded by Mr. DeLeone, and carried by a voice vote of 6-01-, with Mr. Wilson abstaining.

Ms. Rissland said the final section itemizes the positions that have been approved in 2006 and 2007, as well as those requested and recommended for 2008.

Ms. Gavrilloff asked how many of these positions are vacant, adding that she knew there were three in Fire and two in Police that are funded and not filled. Ms. Rissland said there are three in her department, two in Engineering, and one in Service.

Ms. Gavrilloff said she gets hung up with this, as they approve each section, those positions are included in the salaries. She said they approve the positions and the budgets, but do not fill them. She said it seems like they are approving the budget to make themselves look better, but they are not meeting the needs.

Mr. Ruller said the police positions will be filled, and it was that same discussion they decided to up the manpower hours for the Fire Department. He said it does not happen over night. Mr. Ruller said the other positions are the crux of the issue. He said they have said up-front that they have a hiring freeze. He said if they filled all of the positions, they would be in a situation in the end of the year where they are dipping into their fund balance. He said that was been part of the strategy to contain the annual costs. He said they now have a situation where their fund balances are going back up after two years. He said one thing they found from Council surveys and community meetings is that people are not satisfied with the below level of service. He said they are slowly going back to filling what is approved.

Ms. Gavrilloff said they say they have a lot of debt, and cannot meet the needs, but when they look at their reports from the County and State Auditors, they show \$5 million in assets. She said the City is saying they are \$2 million short. She suggested they could fill the positions and still be \$3 million ahead. Mr. Kuhar pointed out they cannot spend their assets.

Ms. Rissland said net assets include streets that were subdivisions accepted from developers. She said it looks like an increase in net assets, but they also need to take care of them. She said their net assets increased, but that cannot pay salaries. She said it is a street, and is only valuable to those living on it, and it is not marketable.

Ms. Gavriloff said the reports show net assets of \$98 million. Ms. Rissland said if Ms. Gavriloff read on, she would see that the narrative speaks of contributions from subdivisions or developers.

Ms. Gavriloff said they speak of the undesignated fund balance, and how much is in there. She said they have a Managed Reserve of almost \$2 million, and the General fund has \$7 million more. Ms. Rissland said the Managed Reserve Fund is in one place, and grows by the interest earned, which is Council's decision. She said their fund balance bought them time to define what to do with revenues that were not growing as fast as their expenditures.

Mr. Kuhar said they speak of a need for more police and fire, but a lot of their expenses go to student housing. He asked if they could work with the University so that when they get party complaints at University TownHomes, the Kent State police could respond at their expense to take care of their people, thus saving the City money, Mr. Ruller said he has had some of those conversations, as to whether it makes sense. He said the Safety Director could address it better. He said it has been discussed, but has never gone further.

Mr. Lillich said they have never had formal conversations, but get a lot of assistance from them. He said that assistance is equal to or more than the net gain if they handled those calls. He said the other side of the issue, based on more general discussions, is that the level of staffing at the University is fourteen or fifteen officers less than Kent's. He said to assume those responsibilities would push them beyond their means.

Mr. Lillich said they began a program in the spring with them. He said as people were available, their officers went to some known locations of student housing. He said this provided a much greater, coordinated, combined effort to follow up on incidents through student conduct.

Mr. Kuhar said that besides the financial attributes, there seems to be a lot of friction between the police and students. He said they may have better communication, and the City would not get blamed. Mr. Lillich said that is the essence of the proposal Mr. Ruller has discussed with KSU administrators. He said they have not had specific discussions, but continue on a regular basis. He said they are working together on issues of mutual concern, such as call responses and more expensive things. Mr. Kuhar said that Dr. Lefton indicated he wanted to help. He said they could share in some of the things that are not so good. Mr. Lillich said some of that refers back to their discussions when defining the joint efforts of the two departments.

Mr. Ruller said it is a means issue. He said the University believes in fair consideration, but is also struggling with their own finances and the ability to do what the City is asking. He said that is why they have not had a conclusion. He said the discussion would continue, adding that Dr. Lefton has been an advocate of more collaborative work. Mr. Ruller said he was not trying to make excuses, but the University's finances are uncertain at this time. Mr. Kuhar suggested they should do something to take the stress off their guys.

**Jim Silver, Law Director**, said the police departments are chartered. He said the Kent Police have authority within the City limits, while the Sheriff can go anywhere within the County. He said the Kent State University Charter gives them jurisdiction on campus, and they cannot leave campus unless on call for mutual aid. He said they need to change state laws for them to have general police powers off campus. Mr. Kuhar noted it could be addressed in the description of the calling method.

Mr. Bargerstock said he had a question about the remote water reading devices. He asked Ms. Rissland which percentage of the units are being read by telephone, and Ms. Rissland said there were 2300 reads as of last month. Mr. Bargerstock asked for a percentage, and Ms. Rissland said they have roughly 6500 accounts, so it is approximately 1/3. Mr. Bargerstock asked if it decreases, and Ms. Rissland said they have been seeing between fifty and seventy five month. She said there were more recently as some of the companies were in the neighborhoods doing door-to-door solicitation. Mr. Bargerstock asked if anyone thinks this is a wise investment. He said he remembered suggesting they not do this and should go to UF meters. Ms. Rissland said they are approximately \$150 more expensive per unit, and they are buying the touch pads for the outside of the homes. Mr. Bargerstock said it was a real loser, in the long haul, and Ms. Rissland said it cut personnel costs, when they were installed, as they did not need to have people reading the meters.

Mr. Bargerstock suggested in the future when they venture into these types of things, like water meters and land banking, it would be better to do a cost benefit analysis. Ms. Rissland said one was done, adding the technology has changed since they made the change. Mr. Bargerstock said it was predicted by a lot of people, and they are now paying the price, like land banking.

Ms. Oswitch said she wanted to speak about the missing positions, and Ms. Rissland asked her to define missing. Ms. Oswitch said Ms. Rissland does not have three people in her department, and Ms. Rissland said they are vacant positions. She said she thought they showed the requests, and what was approved, but it was not in the book. Ms. Rissland said they are listed in the last section. She said they are using those funds to fund the additional overtime. She said the positions in the back are what are funded, not filled. Ms. Oswitch said she thought it would be lower.

Clerk Copley told Ms. Oswitch they pass an annual Position Allocation Ordinance, which lists all positions for every department. She said that ordinance shows those positions that are funded and not filled.

Ms. Oswitch asked if they were going to discuss the overall budget after this section was approved, and Mr. Wilson said they would have approval of the overall budget.

**MOTION TO APPROVE SECTION 10.**

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

**MOTION TO APPROVE THE RECOMMENDED BUDGET FOR 2008.**

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

Ms. Oswitch said she did not receive her budget until late Saturday night, and was concerned. She said the one thing she saw on the State's website was a 157 page document. She said several times, it says they have \$18 million, but their budget document says they have \$11.8 million. She said it speaks of \$98 million in assets, but she has never heard that before.

Ms. Oswitch said there are four letters in that document addressed to Council, but none have been received. She said there is one dated June 14 from the Finance Director to Council. Ms. Oswitch said they should see what pertains to them. She said it stunned her as she reviewed it and found those letters. Ms. Oswitch said she cannot support the budget, and wants to know about the extra \$7 million.

Mr. Bargerstock said in looking at the budget, there is a lot of hard work by various department heads. He said he knows they did their best with their marching orders. He said what he does not appreciate is the philosophy he has seen in Kent for a long time. He said he heard comments earlier that there are no surprises in the budget, as they had a multi-year perspective based on the recommendations of the Blue Ribbon Panel. Mr. Bargerstock said he has his own perspective, adding he has been to Council meetings for seventeen years, having been on Council for the last four years. He said originally he was interested in why they only pave streets with assessments, and tried to stop that assessment process. He said they still assess, but according to the Manager's blog, he does not believe in assessments.

Mr. Bargerstock said he sat in the audience, and said they were spending more than they get in revenues, and was told he did not know what he was talking about. He said they are still doing it, and now are having difficulty passing a budget. Mr. Bargerstock said he would not support the budget. He said the department heads have done a good job, but they cannot pass a budget that will spend more. He suggested they not spend their reserves, and bring those issues to Council for open debate, adding that has not been done. Mr. Bargerstock said they, instead, package it all together, rush it through in one or two nights, and argue about mundane things. He said the overall philosophy is overlooked.

Mr. Bargerstock said the Charter puts a balanced budget in the Manager's hands, adding the City is balancing it by using undesignated funds or reserves. He said this policy existed before Mr. Ruller. He said the budget would force tax increases on residents.

Mr. Bargerstock said that when he ran for Council, he promised that he would not play monopoly with the City's money, buying speculative real estate, and would not support tax increases unless the community supported the need. He said he couldn't accept a budget that will force dire consequences and forces them to raise taxes. He said that instead of debating land banking, Main Street, or special interest groups, they should debate the layoff of safety forces or the basic services residents expect. He said there are special interest groups that lobby Council behind the scenes. Mr. Bargerstock said he would not vote for any budget like this one.

Mr. Bargerstock recommended they present a budget, with projected revenues matching expenses, with extra needs being presented on a case-by-case basis. He said if they choose to spend those funds, at least they would have a fair public hearing.

Mr. Kuhar said it is a nice budget, looks good, but there are issues, and for that reason, he will not vote for it. He said he wants to be sure that all of the "i"s are dotted. He said there are letters addressed to Council that they did not receive, and questions about millions of dollars. He said they have the current state of the economy in the United States because people spend more than what they make. He said they might not be able to afford it, but buy it anyway. Mr. Kuhar said they have necessities they are not buying; adding he believes there should be freezes in the budget. He said a lot of people are trying to spend less, while others are spending more.

Mr. Kuhar said they have projections on income tax losses and income gains. He said their losses are stable, and they know they are going to come. He said when the company leaves, they take employees, and that is a given. He said that business is tough, and requires speculation. Mr. Kuhar said that property values are dropping, and the American dollar is not going as far. He said that the budget could be trimmed, and they need to focus on their income streams. He said until they have more concrete sources of revenue, there are too many things he cannot support.

Mr. Hawksley said the budget is balanced. He said they could play with the words. He said he is taking money out of the bank to send his daughter to college, and he is investing in her future. Mr. Hawksley said they have discussed this for two years, and the Blue Ribbon Panel went through the whole process. He said it is a matter of trusting the City Manager to lead them into the future, and Council, generally does endorse those concepts. He said they would take up those ideas after the first of the year with a new Council. Mr. Hawksley said he would like to hear some specific recommendations, adding they discuss the budget at every meeting. He said they voted for a full time housing inspector. Mr. Hawksley concluded there are no surprises.

Ms. Gavriloff said she was going to stay quiet, but cannot do so currently. She said they talk about structural deficits, and read from the fund balances from the County. She said that from 2006 to 2007, they made \$3 million. She said she could see the talks of tax increases in January 2008. She said they have an extra \$3 million, but their Budget & Finance Director will not tell them what they have in the funds. Ms. Gavriloff said this concerns her. She said they have vacancies, but are not filling positions, except those they need. She said she couldn't support the budget.

Mr. Bargerstock said the Charter puts the obligation in the hands of the Manager, and that includes a balanced budget. He said that is why they hired him. He said a balanced budget does not eat into their reserve, adding it is not balanced when that happens. He said use of those funds need to come to Council on a case by case basis, and it needs to be Council's decision. He said that is not happening now, and the process is flawed. He said it is predicated on potential tax increases. Mr. Bargerstock said the Blue Ribbon Process was nonsense, adding the citizens did not elect them. He said they were appointees who were given partial information, and did the best possible job. He said it is Council's job, and they need to make those decisions. He said they should not raise income taxes, but need to balance the budget on projected revenues, presenting special needs as they occur.

Mr. Kuhar said if he wants to send his child to college to prepare for the future, that is fine. He said if he puts himself into debt, or hides his money under a rock or in a sock, that is his decision. He said he has to think about the person in Kent struggling to buy health care and groceries. He said he could make any number balance. Mr. Kuhar said he has a lot of equity, but cannot buy groceries with that equity. He said he is making decisions for retired people or minimum wage people who are struggling. He said he must do what they want him to do, and he has to fight to keep every dollar in their pocket. He said some may be leaving, but he will be on Council and must live with it.

The motion failed by a hand count of 3-4, with Mr. Wilson, Mr. DeLeone, and Mr. Hawksley supporting the motion. Mr. Kuhar, Mr. Bargerstock, Ms. Oswitch, and Ms. Gavriloff opposed the motion.

**MOTION TO ASK THE ADMINISTRATION TO RESUBMIT A BUDGET, BALANCING EXPENSES WITH REVENUES.**  
Motion made by Mr. Bargerstock, and died for want of a second.

**MOTION TO RECESS INTO EXECUTIVE SESSION FOR ONE ITEM OF PENDING LITIGATION AND ONE ITEM OF POTENTIAL LITIGATION.**  
Motion made by Ms. Oswitch seconded by Mr. Hawksley.

Mr. Hawksley suggested that the newly elected members join them.

Mr. Bargerstock asked the purpose of the discussions, and Mr. Silver said it deals with the railroad and the old hotel.

Roll call was taken on the motion. Voting aye: Mr. Bargerstock, Mr. DeLeone, Ms. Gavriloff, Mr. Hawksley, Mr. Kuhar, Ms. Oswitch, and Mr. Wilson. The motion carried by a roll call of 7-0.

Chair Wilson recessed this meeting 8:39 p.m.

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

**MOTION TO AUTHORIZE TWO PIECES OF LEGISLATION NECESSARY TO ACQUIRE EASEMENTS FROM THE WHEELING & LAKE ERIE RAILROAD AND THE CSX RAILROAD TO BUILD THE FAIRCHILD AVENUE BRIDGE.**

Motion made by Ms. Gavriloff, seconded by Ms. Oswitch, 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 9:00 p.m.

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Linda M. Copley, Clerk of Council

**ACTION RECOMMENDED:**

- 1) **DISCUSSION WAS HELD ON THE PROPOSED 2008 BUDGET**
- 2) **AUTHORIZATION OF TWO PIECES OF LEGISLATION NECESSARY TO ACQUIRE EASEMENTS FROM THE WHEELING & LAKE ERIE RAILROAD AND THE CSX RAILROAD TO BUILD THE FAIRCHILD AVENUE BRIDGE.**