

CITY OF KENT RELOCATION POLICY

PURPOSE

The purpose of this policy is to create a relocation plan providing for the relocation of persons, including families, business concerns, and others, displaced by the City of Kent **FOR PURPOSES OF ECONOMIC DEVELOPMENT OR REDEVELOPMENT. (THIS POLICY DOES NOT COVER RELOCATIONS CAUSED BY RIGHT-OF-WAY ACQUISITIONS, BE IT FOR ROADWAYS OR UTILITIES OR OTHER TYPES OF RIGHT-OF-WAYS. FOR FEDERAL OR STATE FUNDED ROADWAY AND UTILITY RIGHT-OF-WAY ACQUISITIONS, THE CITY SHALL FOLLOW THE APPROPRIATE STATE AND/OR FEDERAL RELOCATION GUIDELINES).** THIS ~~which~~ relocation plan shall include, but not be limited to, the proposed method for the relocation of businesses and/or residents who will be displaced from their businesses and/or dwelling accommodations in decent, safe and sanitary dwelling accommodations within their means, or with provision for adjustment payments to bring such accommodations within their means, and without undue hardship, and reasonable moving costs;

I) Payments for moving and related expenses.

(A) Residential moves

- (1) Actual reasonable expenses: any displaced owner-occupant or tenant of a dwelling who qualifies as a displaced person is entitled to payment of his or her moving and related expenses as the Community Development Department determines to be reasonable and necessary, within the following formula:

One hundred percent (100%) if the move is within the City of Kent, Ohio or a Joint Economic Development District of which the City of Kent, Ohio is a member;

Seventy five percent (75%) if the move is within Brimfield Township, Ohio and Franklin Township, Ohio outside of a Joint Economic Development District;

Fifty percent (50%) if the move is outside of Brimfield Township, Ohio and Franklin Township, Ohio, but within Portage County, Ohio;

Ten percent (10%) if the move is outside of Portage County, Ohio.

Eligible expenses are:

- (a) Transportation of the displaced person and personal property.
- (b) Packing, crating, unpacking and uncrating of the personal property.
- (c) Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances, and other personal property. Purchase of household appliances and other personal property that are not included in the move are not eligible costs for reimbursement.
- (d) Storage of the personal property for a period not to exceed six (6) months, unless the Community Development Department determines that a longer period is necessary.
- (e) Insurance for the replacement value of the property in connection with the move and necessary storage.

- (f) The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.
 - (g) Other moving related expenses that are not listed as ineligible under this rule as the Community Development Department determines to be reasonable and necessary.
- (2) Fixed payment: any person displaced from a dwelling or a seasonal residence is entitled to receive a fixed expense as an alternative to a payment for actual moving and related expenses. The fixed payment shall be determined by the Community Development Department. This includes a provision that the schedule payment to a person with minimal personal possessions who is in occupancy of a dormitory style room shared by two (2) or more other unrelated persons or a person whose residential move is performed by an agency at no cost to the person shall be limited to fifty dollars (\$50.00).

(B) Non residential moves

- (1) Actual reasonable eligible expenses: any business operation which qualifies as a displaced person is entitled to payment of his or her moving and related expenses as the Community Development Department determines to be reasonable and necessary, within the following formula:

One hundred percent (100%) if the move is within the City of Kent, Ohio or a Joint Economic Development District of which the City of Kent, Ohio is a member;

Seventy five percent (75%) if the move is within Brimfield Township, Ohio and Franklin Township, Ohio outside of a Joint Economic Development District;

Fifty percent (50%) if the move is outside of Brimfield Township, Ohio and Franklin Township, Ohio, but within Portage County, Ohio.

Ten percent (10%) if the move is outside of Portage County, Ohio.

Eligible expenses are:

- (a) Transportation of personal property.
- (b) Packing, crating, unpacking and uncrating of the personal property.
- (c) Disconnecting, dismantling, removing, reassembling, and reinstalling relocated machinery, equipment, and other personal property, including substitute personal property. This includes connection to utilities available nearby. It also includes modifications to the personal property necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property. (Expenses for providing utilities from the right-of-way to the building or improvement are excluded.)
- (d) Storage of the personal property for a period not to exceed six (6) months unless the City of Kent determines that a longer period is necessary.
- (e) Insurance for the replacement value of the personal property in connection with the move and necessary storage.
- (f) Any license, permit, or certification required of the displaced person at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit or certification.

- (g) The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available. If the displaced person elects to take full responsibility for the move of the residence, the City of Kent may make a payment for the person's moving expenses in an amount not to exceed seventy five percent (75%) of the lower of two (2) acceptable bids or estimates obtained by the City of Kent or its designee. At the City of Kent's discretion, a payment for a low cost or uncomplicated move may be based on a single bid or estimate. The City of Kent is not responsible for any damaged personal property involved in a self-move.
 - (h) Professional services necessary for moving the personal property.
 - (i) Re-lettering signs and replacing stationery on hand at the time of displacement that are made obsolete as a result of the move.
 - (j) Actual direct loss of tangible personal property incurred as a result of moving or discontinuing the business operation. The payment shall consist of the lesser of the fair market value of the item for continued use at the displacement site, less the proceeds from its sale, or the estimated cost of moving the item, but with no allowance for storage. To be eligible for payment, the claimant must make a good faith effort to sell the personal property, unless the agency determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value shall be based on the cost of the goods to the business, not the potential selling price.
 - (k) The reasonable cost incurred in attempting to sell an item that is not to be relocated.
 - (l) Purchase of substitute personal property is not an eligible cost for reimbursement
 - (m) Searching for a replacement location: a displaced business is entitled to reimbursement for actual expenses, not to exceed one thousand dollars (\$1,000.00), as the agency determines to be reasonable, which are incurred in searching for a replacement location including transportation, meals and lodging away from home, time spent searching based on reasonable salary or earnings, and fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such site.
 - (n) Other moving related expenses as the agency determines to be reasonable and necessary that are not listed as ineligible under this rule.
- (2) Notification and inspection: the following requirements apply to payments under this rule:
- (a) The City of Kent shall inform the displaced person, in writing, of the following requirements, as soon as possible, after the initiation of negotiations. This information may be included in the relocation information provided to the displaced person as set forth in this ordinance.
 - (i) The displaced person must provide the City of Kent reasonable advance written notice of the approximate date of the start of the move or disposition of the personal property and a list of the items to be moved. However, the City of Kent may waive this notice requirement after documenting its file accordingly.
 - (ii) The displaced person must permit the City of Kent to make reasonable and timely inspections of the personal property at both the displacement and replacement sites and to monitor the move. The non-residential displaced person or company shall make available tangible personal property tax returns as requested by the City of Kent.

- (3) Self moves: If the displaced person elects to take full responsibility for the move of the business, the City of Kent may make a payment for the person's moving expenses in an amount not to exceed seventy five percent (75%) of the lower of two (2) acceptable bids or estimates obtained by the City of Kent or its designee. At the City of Kent's discretion, a payment for a low cost or uncomplicated move may be based on a single bid or estimate, if the single bid or estimate is below two thousand dollars (\$2,000.00). The City of Kent is not responsible for any damaged personal property for moves under this section.
- (4) Transfer of ownership: upon request and in accordance with applicable law, the claimant shall transfer to the City of Kent, ownership of any personal property that has not been moved, sold, or traded in.
- (5) Advertising signs: the amount of a payment for direct loss of an advertising sign which is personal property shall be the lesser of the depreciated value of the sign, as determined by the City of Kent, less the proceeds from its sale, or the estimated cost of moving the sign, but with no allowance for storage.
- (6) Reestablishment expenses: in addition to the payments available under this rule, a small business, or nonprofit organization may be eligible to receive a payment, not to exceed ten thousand dollars (\$10,000.00), for expenses actually incurred in relocating and establishing such small business, or nonprofit organization at a replacement site.
 - (a) Eligible expenses: reestablishment expenses must be reasonable and necessary, as determined by the City of Kent. They include the following:
 - (i) Repairs or improvements to the replacement real property as required by federal, state or local law, code, or ordinance.
 - (ii) Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
 - (iii) Construction and installation costs, not to exceed one thousand five hundred dollars (\$1,500.00) for exterior signing to advertise the business.
 - (iv) Provision of utilities from right-of-way to improvements on the replacement site.
 - (v) Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
 - (vi) Licenses, fees and permits when not paid as part of moving expenses.
 - (vii) Feasibility surveys, soil testing and marketing studies.
 - (viii) Advertisement of replacement location, not to exceed one thousand five hundred dollars (\$1,500.00).
 - (ix) Professional services in connection with the purchase or lease of a replacement site.
 - (x) Estimated increased costs of operation during the first two (2) years at the replacement site not to exceed five thousand dollars (\$5,000.00) for such items as lease or rental charges, personal or real property taxes, insurance premiums, and utility charges, excluding impact fees.

- (xi) Expenses in excess of the regulatory maximums set for construction and installation costs, advertisement of replacement location, or estimated increased costs of operation, may be considered eligible if large and legitimate disparities exist between costs of operation at the displacement site and costs of operation at an otherwise similar replacement site. In such cases the regulatory limitation for reimbursement of such costs may, at the request of the agency, be waived by the federal agency funding the program or project, but in no event shall total costs payable under this section exceed the ten thousand dollar (\$10,000.00) statutory maximum.
- (b) Ineligible expenses: the following is a nonexclusive listing of reestablishment expenditures not considered to be reasonable, necessary, or otherwise eligible.
- (i) Purchase of capital assets, such as, office furniture, filing cabinets, machinery, of trade fixtures.
 - (ii) Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
 - (iii) Interior or exterior refurbishments at the replacement site which are for aesthetic purposes, except for redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
 - (iv) Interest on money borrowed to make the move or purchase the replacement property.
 - (v) Payment to a part-time business in the home which does not contribute materially to the household income.
- (c) Ineligible moving and related expenses: a displaced person is not entitled to payment for:
- (i) The cost of moving any structure or other real property improvement in which the displaced person reserved ownership. However, this does not preclude the computation under owner retention procedures.
 - (ii) Interest on a loan to cover moving expenses.
 - (iii) Loss of goodwill.
 - (iv) Loss of profits.
 - (v) Loss of trained employees.
 - (vi) Any additional operating expenses of a business incurred because of operating in a new location except as provided under reestablishment procedures.
 - (vii) Personal injury.
 - (viii) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the agency.
 - (ix) Expenses for searching for a replacement dwelling.
 - (x) Physical changes to the real property at the replacement location of a business except as provided in paragraphs (B)(1)(c) and (B)(6)(a) of this rule.

- (xi) Costs for storage of personal property on real property already owned or leased by the displaced person.
- (d) Fixed payment for moving expenses: non-residential moves.
- (1) Business: a displaced business that remains in operation after displacement may be eligible to choose a fixed payment in lieu of the payments for actual moving and related expenses and that remains in operation after displacement, actual reasonable reestablishment expenses. Such fixed payment, except for payment to a nonprofit organization, shall equal the average annual net earnings of the business, as computed in accordance with paragraph (d)(2) of this rule, but not less than one thousand dollars (\$1,000.00) nor more than twenty thousand dollars (\$20,000.00). The displaced business is eligible for the payment if the agency determines that:
 - (A) The business owns or rents personal property which must be moved in connection with such displacement and for which an expense would be incurred in such move and the business vacates or relocates from its displacement site.
 - (B) The business is not part of a commercial enterprise having more than three (2) other entities which are not being acquired by the City of Kent, and which are under the same ownership and engaged in the same or similar business activities. In determining whether two (2) or more displaced legal entities constitute a single business, which is entitled to only one fixed payment, all pertinent factors shall be considered, including the extent which:
 - (i) The same premises and equipment are shared.
 - (ii) Substantially identical or interrelated business functions are carried out and business and financial affairs are commingled.
 - (iii) The entities are held out to the public, and to those customarily dealing with them, as one business.
 - (iv) The same person or closely related persons own, control, or manage the affairs of the entities.
 - (C) The business is not operated at a displacement dwelling solely for the purpose of renting such dwelling to others.
 - (D) The business is not operated at the displacement site solely for the purpose of renting the site to others.
 - (E) The business contributed materially to the income of the displaced person during the two taxable years prior to displacement.
 - (2) Average annual net earnings of a business: the average annual earnings of a business are one half (1/2) of its net earnings before federal, state and local income taxes during the two (2) taxable years immediately prior to the taxable year in which it was displaced. If the business was not in operation for the full two (2) taxable years prior to displacement, net earnings shall be based on the actual period of operation at the displacement site during the two (2) taxable years prior to displacement, projected to an annual rate. Average annual net earnings may be based upon a different period of time when the City of Kent

determines it to be more equitable. Net earnings include any compensation obtained from the business operation by its owner, the owner's spouse, and dependents. The displaced person shall furnish the City of Kent proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence which the City of Kent determines is satisfactory.

(e) Discretionary utility relocation payments

- (1) Whenever a program or project undertaken by the City of Kent causes the relocation of a utility facility and the relocation of the facility creates extraordinary expenses for its owner, the City of Kent may, at its option, make a relocation payment to the owner for all or part of such expenses, if the following criteria are met:
 - (a) The utility facility legally occupies state or local government property, or property over which the state or local government has an easement or right-of-way; and
 - (b) The utility facility's right of occupancy thereon is pursuant to state law or local ordinance specifically authorizing such use or where such use and occupancy has been granted through a franchise, use and occupancy permit or other similar agreement; and
 - (c) Relocation of the utility facility is required by and is incidental to the primary purpose of the project or program undertaken by the City of Kent; and
 - (d) There is no federal law, other than the Uniform Act, which clearly establishes a policy for the payment of utility moving costs that is applicable to the City of Kent's program or project; and
 - (e) State or local government reimbursement for utility moving costs or payment of such costs by the City of Kent is in accordance with state law.
- (2) For purposes of this section, the term "extraordinary expenses" means those expenses which, in the opinion of the City of Kent, are not routine or predictable expenses relating to the utility's occupancy of rights-of-way, and are not ordinarily budgeted as operating expenses, unless the owner of the utility facility has explicitly and knowingly agreed to bear such expenses as a condition for use of the property, or has voluntarily agreed to be responsible for such expenses.
- (3) A relocation payment to a utility facility owner for moving costs under this rule may not exceed the cost to functionally restore the service disrupted by the federally assisted program or project, less any increase in value of the new facility and salvage value of the old facility. The City of Kent and the utility facility owner shall reach prior agreement on the nature of the utility relocation work to be accomplished, the eligibility of the work for reimbursement, the responsibilities for financing and accomplishing the work, and the method of accumulating costs and making payment.

**MEMORANDUM OF THE FINANCIAL STRATEGY
RESOURCE TEAM'S RECOMMENDATIONS
AUGUST 20, 2006**

This memorandum is the initial draft of the Financial Strategy Resource Team's (the "Committee") recommendations.

BACKGROUND –

The City of Kent (the "City") expects to incur a structural deficit of \$1.5 million in FY 2006. The structural deficit is projected to be over \$2.0 million in FY 2007. The City has cash reserves of approximately \$8.0 million as of the date of this report. At the current deficit spending rate, the City will deplete its cash reserves by 2009. There are no foreseen circumstances or events that will alleviate the structural deficit.

The deficit is caused by an increase in labor and benefits costs for the City, an increase in households and a decrease in the City's non-City employed workforce. Any operation, including the City, which is labor intensive, has faced employee health care costs rising at three to four times the general rate of inflation. Labor constitutes 52.9% of the City's non-capital budgeted expenditures, up from 49.8% as recently as 2003. The number of households in the City has increased from 8,800 in 1990 to 10,100 in 2005, a 15% increase and thus significantly increased the need for City services. While during the same period employment in the City has declined by 15%, decreasing the City's ability to pay for the services. The City's demographics continue to look more like a Cleveland suburb. This trend forecloses the possibility of growing out of the fiscal problem in the short-term. Thus, the City must increase recurring revenues from the current base of workers, residents and properties and decrease costs to balance the City's budget.

The residents and businesses of the City demand the current level of services as evidenced by the City Council Resource Preferences poll. Any significant decrease in services could hamper economic development and depress property values. The City provided the Committee with certain service cost data and benchmarks with comparable cities. Based on this information, the services are provided at a reasonable cost. If the current level of services are to continue and given the fact that the services are being provided in a cost effective manner based on comparable city data, the only solution to the deficit is to increase revenues. Otherwise services would need to be reduced counter to the desire of the City's citizens.

Economic development and sustainable wage growth is the only panacea for maintaining a high level of services without constantly increasing the tax burden on the workforce and the citizens of the City. Constantly increasing taxes or decreasing services will only stunt the City's ability to sustain economic development. The primary goal of economic development should be to add high paying jobs without adding substantial operating costs. The City must make sustainable economic development its number one priority. The Committee believes that there is no cohesive strategic economic development plan.

REVENUES AND COSTS –

Increasing the City's revenues is the primary method recommended to reduce or eliminate the structural deficit. The Committee believes that the cost of the revenue increase needs to be borne by all of the City's constituents, although not evenly, including residents, workers and end-users of services. The Committee believes the residents should bear a greater share of the burden because the residents are the primary beneficiaries of the City's services. In addition, any substantial increase on the burden to the workforce and end-users would hamper economic development. The following is a table of the Committee's recommended revenue changes and the estimated annual revenue impact. In the table we present two alternatives for the credit for taxes paid and the tax rate. Our intent is that the City Council should choose a combination of those two

items. No matter what combination is chosen, the total revenue should be in the range shown:

<u>Source of Funds</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Revenue Impact</u>	<u>Alternative Impact</u>
Credit for taxes paid	1.5%	1.80%	\$1,000,000	\$400,000
Tax rate	2.1%	2.20%	680,000	1,360,000
Property taxes	Increase 1 mil		320,000	320,000
License fee	Increase by \$5.00		125,000	125,000
Fully-cost enterprise activities			200,000	200,000
Other fees			<u>200,000</u>	<u>200,000</u>
Total increase in revenues			<u>\$2,525,000</u>	<u>\$2,605,000</u>

The benefit of reducing the credit is that it does not hinder economic development by increasing the tax rate of new employer's workers and sends a strong message to potential employers that the CITIZENS of Kent are behind the economic development initiatives. The benefit of increasing the tax rate is that it more evenly spreads out the burden of the increased revenues.

City revenue per capita would increase to \$815 from \$732. This amount is still less than the median for our local peer communities. The City's cost burden per capita including school taxes would increase to \$3,304 from \$3,221. This amount would put the City effectively equal to Aurora, significantly lower than Hudson and slightly less than Stow.

The effective local tax rate (including the increase in the tax rate, decrease in the tax credit and increase in service fees) would increase by 11.9%. This local effective tax rate increase is less than the 21% reduction in the state income tax rate that gradually goes into effect this year and is fully implemented by 2009. The State of Ohio has funded the decreased state tax rate by shifting costs to local governments in the form of unfunded mandates and reduced intergovernmental transfers from the state to local governments. Thus, it only makes sense to transfer some portion of the costs to the local taxpayer.

Although the Committee has certain cost cutting ideas outlined below, we do not have the knowledge to make detailed cost cutting recommendations. The Committee recommends that the City's administration identify and implement \$200,000 to \$300,000 of cost savings without affecting primary service levels.

The increase in available funds from the revenues and cost savings totals approximately \$2.7 million. The Committee recommends that \$1.6 million of the increase in available funds be allocated to the annual operating budget. The remaining \$1.1 million should be used for tangible economic development.

SUNSET PROVISION –

Higher tax revenues should be realized in the future if the City's economic development potential is properly implemented and is as great as the Committee and the community believes. The Committee believes that seven years is an adequate time period for the citizens to properly evaluate the tax scheme and the results of the economic development experiment. Therefore, the Committee recommends that the income tax increase and the reduction in the tax credit have a sunset provision of seven years.

COST SAVINGS IDEAS –

The Committee does not have the detailed knowledge to recommend specific cost savings. Through our observations, presentations by City administrators, reading and discussion with the community, we believe there are several concepts that should be evaluated. Those concepts include:

- Combination of positions through attrition, technology and redesign of tasks
- Redirect administrative positions to frontline positions (a priority of the City Council)

- Share services with other cities
- Reduce labor requirements through effective use of technology
- Reevaluate the City's current short-term financing strategy given the flat yield curve. Note that the current financial situation may make long term financing more expensive due to the higher risk.

ECONOMIC DEVELOPMENT –

The Committee believes that economic development and job growth are the keys to a stable revenue source and sustainable services for the City. To the best of the Committee's knowledge, these recommendations, if implemented, are the first source of substantial operating funds for economic development. The City Manager must devote substantially more time to economic development than is currently being devoted and the City Council must allow the City Manager the authority to implement policy. City Council should set policy and approve significant investments. The City Manager must develop a detailed strategic economic development plan and timetable, approved by City Council for presentation to the citizens in conjunction with the request for the tax increase. The economic development plan should, at a minimum, address:

- Creation and funding of a non-profit development corporation that includes the City, Kent State University, the Downtown Development Corp., the Chamber of Commerce and other community interest groups. Consider funding full-time planning and implementation staff such as modeled by Campus Partners in Columbus, Ohio or the Main Street Ohio Program.
- Foreclosing on the old hotel and razing the hotel to make the property ready for development. This is not only an economic advantage to the City, but also a symbol of a new era of economic development.
- Increasing code enforcement to reduce the impact of boarding houses on single-family houses and lifestyles.
- Creating a destination event in the mode of the Shaw Festival in Niagara-on-the-Lake or the Shakespeare Festival in Ashland, Oregon. The event should

take advantage of the local resources such as Blossom, Kent Stage, the University, the Porthouse Theater, the Stump Theater and the Wright-Curtis Theater.

- Direct subsidy of an incubator.
- Tax abatements.
- Infrastructure improvements.
- Economic development funds or debt funds for land bank acquisitions.
- Downtown renovation funds.
- Marketing the benefits of doing business in the City and the City as a destination venue.
- The development of a conference center, hotel and the retail project in partnership with the University. The City should use its power of eminent domain when appropriate.

OTHER –

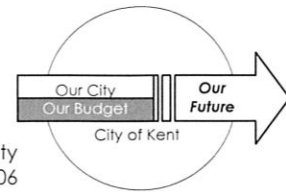
Several other items came to the attention of the Committee during the course of its study, including:

- The City should consider spending more funds for tax collections.
- Perform a complete and realistic evaluation of what properties are truly needed by the City. Any surplus properties should be sold.
- Proper control over permit issuance may need to be implemented.
- The City needs to take a position in future collective bargaining negotiations to ensure that total personnel costs do not grow faster than the City's tax revenue base.
- Consider implementation of street light violation and school zone speeding cameras.

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Cash Basis)
 General Fund, Street Construction, Maintenance and Repair Fund, Income Tax Fund, Income Tax Safety Fund,
 Fire and E.M.S. Fund and Capital Projects Fund

	2008	2008 **	Cash	Cash as
	Original	Revised	Basis	Percentage
	Budget	Budget	4/28/2008	of Revised
				Budget
Revenues				
Property and other taxes	\$ 1,696,312	1,696,312	762,847	44.97%
Income Taxes	10,650,000	10,650,000	3,921,419	36.82%
JEDD Taxes	325,000	325,000	36,955	11.37%
Fees, licenses and permits	106,900	106,900	24,387	22.81%
Intergovernmental	2,684,368	2,684,368	838,692	31.24%
Estate Taxes	250,000	250,000	164,103	65.64%
Grants	150,000	150,000	8,194	5.46%
Charges for services	1,061,000	1,061,000	438,818	41.36%
Fines and forfeits	231,400	231,400	77,665	33.56%
Special assessments	79,000	79,000	60,754	76.90%
Interest	905,000	905,000	401,193	44.33%
Miscellaneous	75,000	75,000	217,569	290.09%
Total revenues	18,213,980	18,213,980	6,952,596	38.17%
Expenditures				
Current				
Security of persons and property	9,347,794	9,349,994	2,964,669	31.71%
Public health and welfare	507,289	507,289	196,879	38.81%
Leisure time activities	-	-	-	
Community development	1,369,255	2,399,255	536,020	22.34%
Transportation	1,557,416	1,579,416	543,382	34.40%
General government	3,208,160	3,208,160	989,166	30.83%
Total expenditures	15,989,914	17,044,114	5,230,116	30.69%
Excess of revenues over expenditures	2,224,066	1,169,866	1,722,480	
Other financing sources (uses)				
Proceeds from sale of assets	5,000	5,000	-	
Proceeds from sale of notes/bonds	3,225,000	3,225,000	-	
Debt service and issuance costs	(3,854,797)	(3,854,797)	-	
Capital grants	1,500,000	1,500,000	117,956	7.86%
Managed Reserve Contribution	(105,000)	(105,000)	-	
Advance/Transfer to other funds (net)	175,000	175,000	-	
Net other financing sources (uses)	945,203	945,203	117,956	
Available for Capital Outlay	3,169,269	2,115,069	1,840,436	
Capital outlays	3,379,000	4,898,000	678,575	13.85%
Revenues/Sources minus Expenditures/Uses	(209,731)	(2,782,931)	1,161,861	
Recovery of prior year encumbrances	-	-		
Fund balance - January 1	12,724,943	12,724,943		
Fund balance - December 31	12,515,212	9,942,012		

** Revised Budget includes Appropriation Amendments and proposed Appropriation Amendments through May 30, 2008



How would YOU balance the budget?

For the last 5 years the revenues received from taxes were less than what was needed to pay for city services. The city has used reserve funds to fill the gap but with a \$2 million deficit projected for 2006 we're running out of reserve funds fast. At this rate the city will be broke in 2 - 3 years.

The city has already made \$2 million in cuts, including reducing the city workforce by 10%, but that's not enough. To fill the projected \$2 million gap will require eliminating services or raising taxes. These are hard decisions that will affect this community for years to come – and that's why we want your input.

Fixing a \$2 million problem will likely require a combination of actions and this worksheet has been designed to give you the chance to mix and match your own strategy. Using the information materials provided with this worksheet you should have what you need to make decisions about what services you would be willing to cut or what taxes you think could be raised. Your goal is to eliminate the gap in a way that is sustainable and supports what is important to you.

1. Re-Allocation Strategies			Annual Cost	Cost Factor	Budget Reduction	Budget Increase	
(1)	Reduce 25% capital allocation		\$2.4 million	1% = \$100,000			
(2)	Continue to use reserve funds		\$2 million in 2005	Balance = \$8 million			
Sub Total #1.					\$	\$	
2. Service Strategies							
	Change police funding		\$5.8 million	\$80,000 per officer			
	Change fire funding		\$4 million	\$80,000 per fire fighter			
	Change administration funding		\$1 million	\$90,000 per position			
	Change finance funding		\$1.6 million	\$70,000 per position			
	Change public service funding		\$3.5 million	\$75,000 per position			
	Change community development		\$1.7 million	\$80,000 per position			
Sub Total #2.					\$	\$	
3. Productivity Strategies							
	Work Efficiencies		\$2 million to date	\$10 - 25,000 per year			
Sub Total #3.					\$	\$	
Projected Shortfall					\$ 2,000,000	-	+ [] =
4. Revenue Options							
		Current Info	Revenue Factor	Household Impact	Dollars Raised		
(3)	Increase income tax rate	Current rate 2.0%	raise \$1.7 million per .25%	\$125/\$50,000			
(4)	Reduce income tax credit %	Current rate 100%	raise \$42,000 per 1%	\$500/\$50,000			
	Increase property tax	\$2.6 million @ 58 mills	raise \$320,000 per 1 mil	\$32/\$100,000			
	Increase vehicle license fee	\$20 per vehicle	raise \$125,000 per \$5	\$5 per car			
	Miscellaneous Fee increases	\$200,000/year	raise \$20,000 @ 10%	\$1 per person			
(5)	New jobs	1 min wage job = \$250	\$500,000 payroll = \$10,000	none			
	Expand JEDDs	\$15,000/year	\$500,000 payroll = \$1,250	none			
	Other						
Sub Total #4.							

The City charges fees to users of some City services. It has been suggested that the City expand user fees to include new charges for leaf collection, street lighting, street sweeping, etc. How would you feel about new user fees?

Strongly Oppose Somewhat Oppose Neutral Somewhat Favor Strongly Favor Don't Know / No Opinion

Footnotes

- (1) The City Charter requires 25% of income taxes be used for capital improvements. To change this would require voter approval.
- (2) Reserve funds are only a temporary fix that use one-time cash reserves to pay recurring costs.
- (3) The City income tax rate has not been raised in 22 years. An income tax change requires voter approval.
- (4) City residents that work outside Kent are given a 100% credit for income tax paid where they work. Many cities do not offer this credit. Changing the tax credit does not require voter approval.
- (5) New jobs are highly speculative and while the city can try to act as a catalyst there are no guarantees that new jobs will follow.

Projected Shortfall
\$2,000,000

Remaining Shortfall

↓
minus

[]

New Balance

If your new balance is greater than 0 you need to go back and do more budget cutting or raise more taxes.

Council hikes plate fee to \$20

MATT SUMAN, Morning Journal Writer

05/28/2008

LORAIN -- Lorain citizens will see an increase of \$15 for license plate fees, with the extra money being used for improving city streets.

Last night, at a special meeting, Lorain City Council unanimously approved an ordinance that raises the city's portion of the license plate tax from \$5 to \$20. The law will be on the books in 20 days, but the city will not begin collecting the additional fees until January 2009, Lorain Mayor Anthony Krasienko said.

In order for voters to bring a referendum to the ballot, 10 percent of Lorain residents who voted in the last gubernatorial race must sign petitions, Lorain Law Director Mark Provenza said.

The city's license plate tax have been \$5 since 1988, Krasienko said.

The city plans to borrow more than \$5 million in bond money to pay for street improvements and use some of license plate fee to pay down the debt. That would only be a small part of the \$70 million needed to bring all of Lorain's streets to a "C" average rating, Krasienko said.

Residents will see the best possible return for their tax dollars toward street improvements, he said.

"The only thing we can do with that money is resurface streets," Krasienko said.

Krasienko said he hopes better roads will mean more opportunities to bring in new business.

"To be able to bring a company into a city down a usable road is a selling factor," he said.

Anne Molnar, D at large, said she had received one phone call from a resident opposed to increased license plate fees, but most responses she has gotten is that residents are willing to pay, so as not to incur vehicle repair bills resulting from potholes. Krasienko estimated that the city has about 10,000 potholes on its roads.

Dan Given, D at large, said people are tired of their vehicles being beaten up on roads in poor shape. Money from the license plate fees could go toward buying resurfacing materials or paying contractors to resurface streets.

"The people in the city of Lorain don't care who is fixing the roads," Given said. "They just want the roads fixed."

Lorain Auditor Ron Mantini said he would be willing to submit quarterly reports to

specifically show how the license plate fees are being used in an effort to be transparent.

Meanwhile, council members postponed discussion of Krasienko's plan to reduce the income tax credit for residents who work in cities other than Lorain. The city now gives a tax credit of 2 percent to residents who live in Lorain but pay income tax to the city where they work.

Krasienko said significant cuts to city services and even safety forces could happen if the income tax credit reduction is not approved.

"We have really reached a situation in this city where we are on the razor's edge," he said. "We have got to be willing to invest in our city. We know it's not a popular proposal but it's the right thing to do."

Lorain City Treasurer Thomas Urbanek said the income tax credit change would affect 20,000 tax filers. Craig Snodgrass, D-8, said he has gotten several comments from residents against the tax credit reduction.

"I have a lot of reservations for those 20,000," he said. "They are paying taxes to other communities."

©The Morning Journal 2008



CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

TO: Dave Ruller, City Manager
FROM: Barbara Rissland, Director of Budget and Finance
DATE: May 29, 2008
SUBJECT: Additional Appropriations for Downtown Redevelopment

During the Downtown Team meeting on May 19, 2008, the following action items were identified:

Action Item	Estimated Cost	People Responsible
Parking Study	\$24,500	Jim Bowling
Master Plan	\$80,000	Jim Bowling, Gary Locke
Hotel Feasibility	\$5,000	Dan Smith
Legal	\$25,000	Jim Silver, Barb Rissland
Site Survey, Demolition	\$60,000	Jim Bowling, Gene Roberts
Update Blight Survey	\$10,000	Gary Locke
	<u>\$204,500</u>	

As of May 28, 2008, there was about \$15,000 left in the operating lines for Downtown Redevelopment. I would suggest increasing appropriations by \$200,000. These funds would come from the unappropriated fund balance.



CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

To: Dave Ruller, City Manager

From: Barbara A. Rissland, Director of Budget and Finance *BAR*

Date: May 16, 2008

Re: Appropriation Amendments

The following appropriation amendments are requested.:

Fund 001 – General

Increase \$ 200,000 Appropriation increase for downtown redevelopment issues

Fund 205 – Solid Waste

Increase \$ 20,000 Increase appropriations for refunds related to multifamily recycling

Fund 301 – Capital Projects

Increase \$ 70,000 Increase appropriations for Horning Road Bike Path

From: James Bowling
To: Barbara Rissland
CC: Dave Ruller; Gene Roberts; Pat Homan
Date: 5/22/2008 4:43 PM
Subject: Horning Road Access Path
Attachments: fundrequest.doc

Barb,

Attached is an appropriation request for the Horning Road Asphalt Access Path. Please note we do not recommend assessing the property owners for the construction of this project. According to Ordinance 925 the 8 ft wide asphalt path proposed is not a sidewalk, rather a pedestrian walkway. Under 925.07: "All or a portion of the cost of the construction, reconstruction, repair or maintenance of pedestrian walkways may be paid by the levy and collection of special assessments upon property specially benefitted therefrom."

The project will be constructed along the frontage of 2 properties. One is a residential owner occupied home (5909 Horning Road) and the other is Silver Oak Apartments. The property owners did not petition to have this work completed and will be required to maintain the larger path after construction. A permanent easement is required from the owner of the apartment complex for the construction of the path to save money on relocating existing storm water facilities. If standard sidewalk rates were assessed the amount paid would be approximately \$5,820. We believe that the savings in not relocating storm sewer facilities and obtaining work agreements would offset the money assessed.

Please let me know if you have any questions. We will need this passed in June to purchase the materials to begin construction this summer.

Jim

CITY OF KENT
DEPARTMENT OF PUBLIC SERVICE
DIVISION OF ENGINEERING

MEMO

TO: Barb Rissland

Date: May 22, 2008

FROM: Jim Bowling

RE: Horning Road Access Path Appropriation Request

Project Title:

Horning Road Access Path

Project Location:

South side of Horning Road from the SW corner of Loop Road to the Eastern Corporation Limit.

Project Description:

The project consists of the installation of an 8' wide asphalt access path from Loop Road to the Eastern Corporation Limit. This in-fill project will connect an 8' wide concrete bike/hike facility located on KSU property to existing bike lanes located along Horning Road in Franklin Township. Other work involved in completing the path will include excavation for the path, placing and grading the stone subbase, tying into intersecting pedestrian walkways, drainage modifications and striping the pavement after the path has been completed.

The project will be completed jointly with KSU and Franklin Township. All parties agree that it is essential to complete the connection between the existing paths due to the large volume of pedestrians/bicyclists that utilize Horning Road. All parties agree to participate financially to construct the new access path. The parties propose to pay a percentage of the project based on the lineal feet of path located within their perspective jurisdiction.

It was decided that the City's Central Maintenance Division will perform all of the work associated with this project. The Engineering Division, which designed the path, will provide technical support during construction and address any inquiries on the project.

Engineer's Estimate of Costs:

Estimated Construction Cost - \$70,000.00

KSU Share (13%) - \$9,100

Kent Share (87%) - \$60,900

Franklin Township (0%) - \$0

Engineering/Construction Management Contribution (5%) - \$3,500

KSU Share - \$1,750

Franklin Township - \$1,750

Recommendation:

We recommend that \$70,000.00 be appropriated to construct the facility. Once completed, this access path will provide a safe corridor for pedestrians and bicyclists to access their residence, Kent State University or the businesses along East Main Street. The township and KSU will reimburse the City their share of the project costs.

cc: Dave Ruller, City Manager
Gene Roberts, P.E., Service Director
Pat Homan, Engineering Technician