



In partnership with the community, the City of Kent provides public services that strive to make Kent the city of choice in northeast Ohio for residents, businesses and students seeking to connect to their community in a personally meaningful and enriching way.

City of Kent Service Values

- Quality** matters in everything we do.
- Professional**, prompt and courteous service.
- Productive** and efficient use of resources.
- Ethical**, honest and fair.
- Innovative** and creative solutions.

Mayor and Members of City Council

Jerry T. Fiala, Mayor & President of Council

- Ward 1 Garret Ferrara
- Ward 2 Jack Amrhein
- Ward 3 Robin Turner
- Ward 4 John M. Kuhar
- Ward 5 Heidi L. Shaffer
- Ward 6 Tracy Wallach

Council At Large

- Michael DeLeone
- Melissa Long
- Roger Sidoti

City of Kent
319 S. Water Street
Kent, Ohio 44240

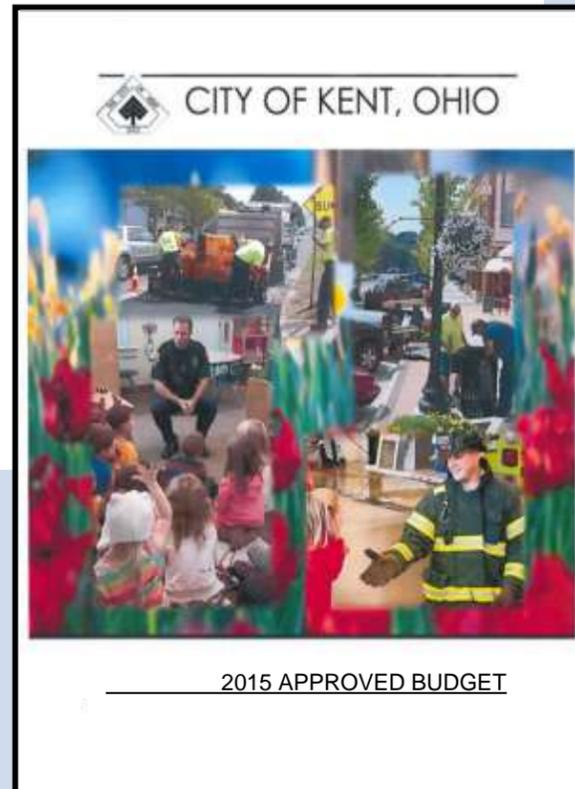
A web site has been created to make sure everyone has access to information on the City's finances.

www.KENT360.com

click on the "Kent City Management" in upper left corner.

PHONE: 330 676-7500
FAX: 330 678-8033
www.kentohio.org

2015 City Budget Brief



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Budget Reality

Reliability, stability, and continuity are highly valued attributes in City services and the 2015 budget upholds those commitments to our residents. Innovation and progress are equally important City service values yet until the dust settles and an economic recovery has proven sustainable, the proposed 2015 Operating Budget offers few new programs, choosing instead to focus on improving existing services with incremental gains in funding wherever possible.

The economic reality of the last five years has slowed the pace of new City services but not the desire of staff to improve the services we offer to Kent residents. Coming out of an extended period of economic uncertainty, many of our services have spent years in positions where they were under-funded and we are only now beginning to have enough confidence in the prospect of a sustained economic recovery that we began to reinvest in our operating resources. The 2015 budget remains tight-fisted but where possible we have found ways to begin to incrementally work our way back and catch up our resource allocations with our resource needs.

The City's commitment to aggressive cost cutting measures over the last 10 years, matched with revenue stabilization derived from Kent State University, and the new economic initiatives in downtown Kent, enabled the City to hold the line on the budget long enough to emerge from the recession in a stronger position financially than at any point in the last decade.

Budget Overview

The budget is a spending and management plan for the City's financial resources. It establishes the services for delivering the results that matter most to our citizens during the course of the year which is why the review of the budget is done in public meetings (of the Finance Committee and full Council) so that the public has multiple opportunities for input. The top Council priorities reflected in the budget include:

- Financial Health and Economic Development
"to be a prosperous and livable city for all citizens"
- Natural Resources
"to protect and promote the City's natural resources"
- Quality of Life
"to enhance lifestyle choices through physical and social environment"
- Community Safety
"to be an exceptionally safe city"
- Communities within the City
"to strengthen the quality and enhance the value of neighborhoods"
- City / University Synergy
"expand collaborative opportunities that enrich the community experience"
- Governmental Performance
"to provide the best services at the lowest cost"

The Operating Budget Major Funds

The 2015 Operating Budget reflects another step back towards the gradual restoration of City service funding levels. The Major Governmental Funds that pay for critical City services like Fire, Police, Street Maintenance, Development, etc., include a 3.7% increase in Personnel funding and 3.1% in O&M funding.

With the Consumer Price Index (CPI) hovering around 1% for the last 2 years, these modest budget increases have allowed departments to make some progress towards "catching up" with the costs of labor, health care, power, and supplies that have outpaced funding over the last 5 years.

The City is still wrestling with significant spending pressure as City departments need additional staffing, capital and other spending increases in order to meet residents' service needs but the budget is not yet capable of meeting all of those needs.

The Capital Budget

The City's commitment to infrastructure remains strong. Each year the City sets aside a minimum of 25% of total income tax receipts for capital projects. For 2015 the Capital budget includes **\$24,999,600 in capital** outlays for City facility and infrastructure repair projects. \$16,060,000 of the \$24,999,600 (or 64%) in 2015 is grant or debt funded.

As operating revenues have improved, the City was able to set aside an extra \$1.4 million in the last 4 years to support street pavement repairs.

Noteworthy capital projects include the Summit Street Improvement project, the new Kent Police Station, Street Paving, Sidewalk Repairs, SR 43 signalization, police cruiser and fire vehicle replacements, mobile data terminals, and KSU water meter vault replacement.

Looking Ahead

Kent has in increasing number of examples of an economic recovery and the corresponding revenue increases appear to be stabilizing at 2% - 3% per year. Construction revenues from all of the new development occurring in the City and on campus should once again provide a short term boost in revenues in 2015-2016.

With a bias towards conservative budget forecasting, the proposed 2015 budget does not factor in the temporary new construction income gains that are likely for 2015 so it is reasonable to assume that income tax revenues may end up exceeding the preliminary projections for that reason.

Overall, the budget has come a long way back from the 'great recession', however, we must continue to plan prudently by following sound financial management principles and developing long-term fiscal solutions that will carry the City responsibly into the future.

Dave Ruller, City Manager

Budget Calendar	
May	Departments submit O&M and capital budget requests
June	City finalizes County tax budget
July	Public hearings held on tax budget; Council adopts; City departments finalize capital budget requests
August	Public meeting(s) held on capital budget; Council adopts capital budget
October	City Manager finalizes proposed budget
November December	City Council holds public Committee meetings and hearings to review and approve operating budget

The Budget Challenge

At the low point in the 'great recession' in 2009, Kent was facing dire financial circumstances that necessitated cutting City positions and reducing services -- but as the region's economy has turned the corner, and downtown Kent has picked up speed, Kent's budget is on the rebound. Job counts are up, existing businesses are expanding and new businesses are opening -- all of which led to 4 consecutive years of rising income tax receipts and some much needed budget relief. Kent's budget conditions are improving but we have a lot of ground to make up before we can declare a financial recovery.

REVENUE SUMMARY

CATEGORY	2015 BUDGET	SUB %	TOTAL %
TAXES			
Income Tax	\$ 14,512,500	77%	26%
Property Tax	2,804,494	15	5
Franklin JEDD	500,000	3	.9
PILOTs from TIF	373,000	2	.7
Cable Franchise	238,000	1	.4
License Tax	190,000	1	.3
Lodging Tax	108,000	.6	.2
Brimfield JEDD	62,000	.3	.1
SUBTOTAL	\$ 18,787,994		33%
FEES AND USER CHARGES			
Sewer	\$ 3,897,351	39%	7%
Water	3,160,673	32	6
Other (EMS)	790,000	8	1.5
Recreation	590,000	6	1
Storm Water	550,000	6	1
Intergovernmental	500,000	5	.9
Recycling	440,000	4	.8
SUBTOTAL	\$ 9,928,024		18%
FEDERAL, STATE AND LOCAL AID			
Summit St (ODOT)	\$ 13,830,000	83%	25%
Shared Taxes	1,640,000	10	3
Local Gov't Fund	675,000	4	1
CDBG	268,778	2	.5
SR 43 Project	120,000	.7	.2
Inter Fund Transfer	80,000	.5	.1
Misc.	7,000	.04	.01
SUBTOTAL	\$ 16,620,778		30%
BOND PROCEEDS	\$ 9,420,000		17%
PERMIT FEES	\$ 400,000		.7%
OTHER MISC.	\$ 286,800		.5%
ASSESSMENTS	\$ 275,000		.5%
INTEREST EARNINGS	\$ 200,000		.3%
FINES, FORFEITURES	\$ 200,000		.3%
RENTAL PAYMENTS	\$ 60,000		.1%
TAP FEES	\$ 40,000		.07%
TOTAL REVENUES	\$56,218,596		



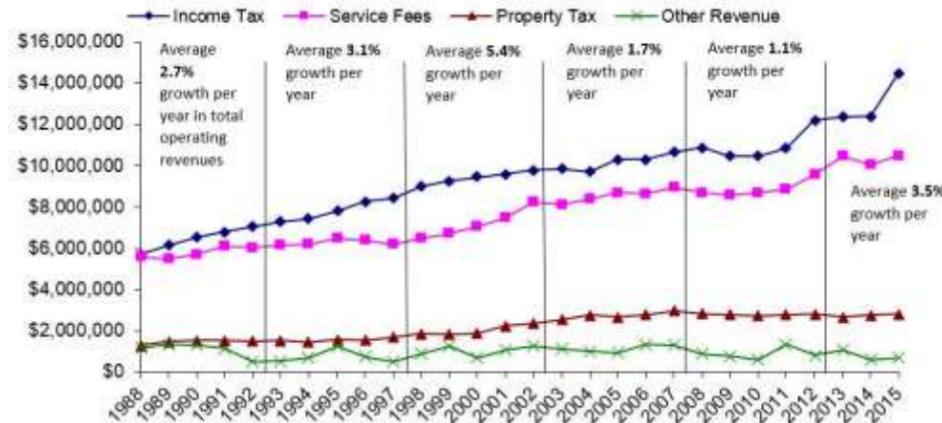
City Operating Revenues

The City's economic recovery is a work in-progress but the sustainability of the initial results is encouraging as the City's key financial measures have continued to trend favorably. From 2012 thru 2015, overall City income tax collections were up nearly 30%. Admittedly, some of those gains are related to temporary construction revenues and one-time only business transactions -- but there is evidence that suggests real growth in the City's tax base. In addition, property values have showed modest growth around the downtown business district and in select City neighborhoods.

The unexpected State cuts in funding beginning in 2012 resulted in a \$900,000 loss in revenues every year. Thankfully it appears that the net job growth has occurred fast enough to offset the loss in State funding before City operating reserves were depleted and the City has had back-to-back years of a net gain in reserve funds, raising reserves back to pre-recessionary levels.

Revenues in Water and Sewer Funds will be adequate to replenish related Capital investments' use of reserve balances due to the rate stabilization plan approved by Kent City Council in 2012, which features small rate increases each year rather than double digit spikes in rates every couple of years. The water and sewer rates increased 3% in 2015.

Revenue Trends (1988 to 2015)



City Operating Expenses

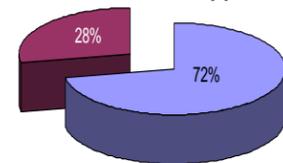
The 2015 budget looks to resume critical spending where it is most needed while extending cost containment practices everywhere else. We asked staff to propose more cuts where they saw opportunities to do so, and to hold their budgets to 2% growth unless increases were clearly justifiable.

As a service provider the City's largest cost relates to its investment in personnel. In total, it cost about \$70,000 per workday to perform City Services -- with 50% of those costs attributed to Fire and Police functions. Following the cuts in positions that occurred from 2005 to 2008, in 2015 the City will be operating at a staffing level (full time) that is essentially the same as we had 15 years ago and the Proposed Operating Budget total for 2015 Personnel Expenses compared to the 2014 Amended Personnel Budget reflects a 2.5% personnel expense increase (\$473,066).

It is important to note that the Personnel increases partly reflect the union contract agreements of a 3% pay increase in 2015. With every 1% increase in wages, the Personnel costs amount to approximately \$145,000 in increased pay citywide (excluding overtime pay).

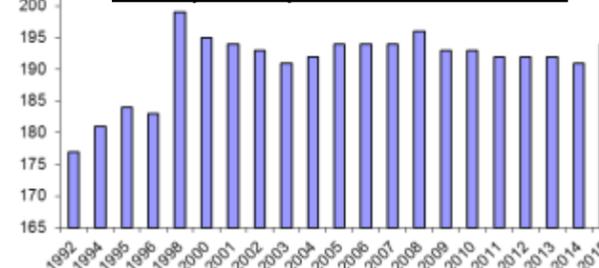
For operations & maintenance (O&M) expenses, increases in projected fuel usage will likely result in added costs. In addition, increased costs from insuring newly acquired assets are a possibility. However, despite these increases the recommended O&M costs for 2015 compared to the most recent 2014 amended budget reflects a \$81,023 decrease, or 1.02% overall reduction in costs.

28% Materials and Supplies



72% People and Positions

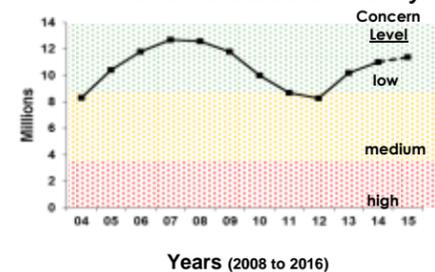
History of City Full Time Positions



EXPENSE SUMMARY

CATEGORY	Operating	Personnel	FTE
City Manager	\$ 50,433	\$ 264,506	2
Civil Service	28,383	31,893	0
Community Fund	60,500	0	0
Council, Clerk, Mayor	29,983	175,831	1
Development Services	915,752	822,820	8
Economic Development	121,820	99,815	1
Health Department	158,852	461,770	6
Human Resources	15,943	105,167	1
Finance Department	649,252	685,126	10
Law Department	114,870	306,682	2
Miscellaneous	412,350	0	0
Parks and Rec	582,888	1,181,462	8
Safety (police, fire)	1,062,872	10,767,964	96
Service Department	2,406,927	3,475,252	36
Utilities (water, sewer)	1,330,492	2,025,018	23
SUBTOTAL	\$ 7,941,317	\$20,403,306	194
TOTAL OPERATING EXPENSES	\$28,344,623		
CAPITAL EXPENSES	\$21,459,570		
DEBT/FINANCE EXPENSES	\$ 5,608,497		
TOTAL EXPENSES	\$55,412,690		
TOTAL REVENUES	\$56,218,596		
2015 BUDGET SURPLUS	\$ 805,906		

Reserve Fund Balance History



Where Your Income Tax Dollar Goes



A Great Place to Live



From street sweeping to police and fire protection, City services keep Kent a great place to live -- with all the conveniences of a big city in a small town atmosphere.

City services are funded through tax dollars, and the City has worked hard to keep costs down and taxes low -- and it shows:

City Cost Per Resident Per Year (2015)

