



## Finance Committee

### 1. Downtown Redevelopment Project Draft MOU

The Fairmount/Pizzuti/Street-works Development Team has requested City Council's consideration of a draft Memorandum of Understanding (MOU) that would allow us to take another step forward on the downtown development project. The MOU provides an increase in the respective commitments from the City, Kent State University and the developer to the downtown project.



From the City's end, we are being asked to commit our land by offering the Fairmount Team exclusive purchase options for the city-owned parcels in the redevelopment block for a period of 6 to 12 months. We are also agreeing in principle to considering the use of public source contributions to the project (example, tax increment financing) and we agree to work on drafting a development agreement that will specify all the terms of our eventual development deal.

In return for our commitment, we keep the Kent project moving forward at a time when development deals are at a standstill; we formalize what have been informal partnerships with the developers and with Kent State University; we get time for the financial market to stabilize and time to work out a development plan with investment requirements to see if this is a project we can afford; we get benchmarks to hold the project accountable to progress; and we get new revenues in the form of option payments.

The development team in turn is committing to spend \$1 million in pre-development work on the Kent project (including payment to the City for the land options), formalizing the private development partnerships, and preparing a project plan (financial plan and market-based plan) with timetable and specific milestones for 2009-10. In return, the development team receives a higher degree of commitment from the City and University, both in principle and in the exclusive land deal, which enables them to manage their risk and justify increasing their investment to move the project another step forward.

Kent State University is being asked to formalize their role in the project by becoming a signatory to the MOU and agreeing to explore ways in which they can participate in the project programmatically, financially, and/or in their own master planning. Certainly the hotel conference/visitor center portion of the project will be significantly influenced by the University and the MOU acknowledges that important relationship.

For its commitment the University fulfills its public ambition to be a catalyst for downtown redevelopment and create the kind of vibrant connection between the edge of campus and the central business district that will attract and retain students, faculty and administrators. The University advances its goal of serving a more prominent role in economic development by participating in creating the physical infrastructure and facilities capable of cultivating long-standing community-university business, social and cultural priorities. The University stands to gain a first class hotel conference/visitor center that anchors both campus and downtown academic and life experience opportunities.

## Finance Committee (continued)

### *Administrative Recommendation*

As we've discussed in Council, the unprecedented financial markets crisis has had a significant negative impact on development projects. Many large development projects have been terminated due to the inability to secure financing and most firms have curtailed pre-development investment at this time. Despite the national and regional trends, I am encouraged that the Fairmount/Pizzuti/Street-works team has requested to increase their financial commitment to the Kent project. In total Fairmount/Pizzuti/Street-works plans to spend \$1 million over the next 12 months on the Kent project, sending a clear signal of their interest to be a partner with the City and Kent State University in downtown Kent.

The staff and I received the draft MOU this week and we have begun to edit/revise it. The terms are not yet finalized but given the revenue implications we thought it was worth bringing to Council as soon as possible. Rather than sending you a draft that will likely change between now and the Committee night, the staff and I plan to work on it some more over the weekend and try to send out the latest version of the draft Monday afternoon. The staff and I are looking for Council's general reaction to the proposal and any specific comments that we could use as we try to finalize the terms for a possible vote at City Council's December 17<sup>th</sup> meeting.

### *Council Action*

**Review the MOU for conceptual support and authorize staff to finalize the terms.**

## Information Items

### 1. NOPEC Gas Purchase Pricing

Gene Roberts has provided another update from NOPEC regarding gas pricing as of December 3, 2008. If residents wish to sign up to take advantage of NOPEC rates you can direct them to call NOPEC at 1-888-848-7914. (attachment)

### 2. Civil Service Commission Meeting Minutes

The Civil Service Commission has provided a copy of the minutes from their October 14, 2008 meeting for Council's review. (attachment)

### 3. Health Department Monthly Statistics Report and Board Agenda

John Ferlito has provided a copy of the Health Board agenda for the December 9<sup>th</sup> meeting, minutes from the November 20<sup>th</sup> meeting, and the department's Statistical Report through November 30, 2008. As you read through the statistical data you'll see that out of 17 revenue categories, 10 are up in 2008 over 2007, 4 are the same and 3 have declined. Overall, Health Department revenues are up 4% over last year. (attachment)

### 4. Crain Avenue Bridge Repair Update

Here is a report from Gene Roberts on the status of the Crain Avenue Bridge repairs:

*The work progress continues to meet challenges below the Crain Ave. bridge. When the contractor attempted to push the sanitary through the old storm sewer a bend in the pipe prevented their progress. Today (12/4/08) CSX has provided an 8-hour window for the contractor to open cut under the eastern most rail to realign the sanitary sewer which may make it possible to connect the sanitary in one or two days.*

*What our current thought is once the sanitary sewer is placed back into gravity service and the pump will no longer be required we could reopen the bridge with lane restrictions as needed for the storm sewer work to progress. This may allow for an opening earlier than our current target of 12/12 (next Friday) but it will have the down side of traffic disruption of the bridge for an extended time period. One thought is to allow only east bound traffic which would provide for emergency response from KFD Station 2 to the northeast side of town. We will review internally with fire, police and engineering and with the CSX Contractor (Midwest Mole) prior to a final decision.*

## 5. Monthly Permit and Zoning Reports

Gary Locke has enclosed a copy of the monthly zoning and permit violations report thru November 2008. Total construction permits are down by about 13% through November and fee revenues are down a corresponding 12%. The inspection data shows work on illegal signs and illegal rooming houses complaints. (attachment)

## 6. November Income Tax Report

Barb has provided a summary of income tax collections thru November 2008. With an extra pay period in November we saw tax receipts go up in November. Overall we're running 2.33% higher than last year with Kent State receipts up 5.8%. Keep in mind that our negotiated labor contract rates are up 3% in 2008 over 2007 so you can see how the income tax challenge contributes to our financial dilemma.

(attachment)

## 7. Kent Police Statistics Through August 2008

Chief Peach has provided a summary of the police activities through August 2008. Police calls for 2008 are up 10% with fire calls up 6% over last year. Incidents of serious crimes seem to be down in most categories with the exception of auto theft and arson. (attachment)