

February 22nd Financial Workshop

The second financial workshop was held on February 22nd, 2006. The participants included 9 out of 10 members of City Council, all 6 community experts serving on the Blue Ribbon Resource Team, the City Manager, the Budget and Finance Director, and lead staff from each city department.

Parking lot

The workshop began with a check on the items placed in the "Parking Lot" at the last meeting. Jim Silver provided a more detailed review of the City's use of in-house and outside counsel for specialty legal needs, e.g., labor law, tax law, bond counsel, etc. Jim illustrated the extent that specialty practices in the legal profession required frequent use of outside counsel for expert work.

Blue Ribbon Resource Team

- John Thornton, Associate Professor Finance, KSU
- Bill Hoover, Vice President, Key Bank
- Brian Bialik, Vice President, Home Savings Bank
- Joyce Harris, Wachovia Securities
- Amy Gilliland, Director, Analysis and Budget University of Akron
- Matt Fajack, Director, Financial Affairs, KSU

Purpose of the meeting

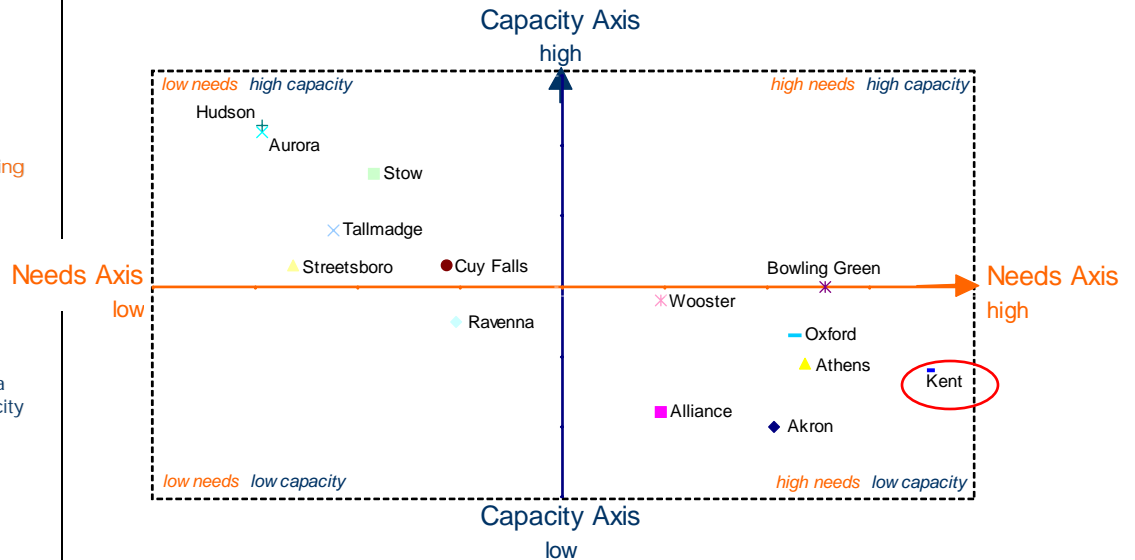
- 1) Establish an understanding of Kent service needs resources as compared to peer cities based on socio-economic and demographic profiles;
- 2) Compare Kent service statistics (staffing, cost, activities) against peer cities as a means to assess Kent's relative service performance; and
- 3) Use the comparative data as an indicator into the extent to which Kent's financial challenge is driven by disproportionate staffing and/or less effective service performance.

Findings community profiles

In examining the socio-economic/demographic profiles, each city had varying levels of service needs and resource capacity to serve those needs. Cities with high poverty rates, low home ownership, high multi-family populations, polarized age distribution, etc. scored high on the service need index. Likewise, cities with high median income, high median house value, increasing population base, and revenue per capita scored high on the resource capacity index. In plotting the service needs and resource capacity rankings Kent ended up in the *high needs, low capacity* quadrant; once again highlighting Kent's challenge as a comparatively higher needs community with a declining resource base.

Kent ranked highest in percentage of families living below poverty.

Kent's revenue per capita was 11% under the peer city average.



Findings staffing and service performance

For benchmarking purposes Kent was compared to 13 peer cities (Akron, Aurora, Alliance, Athens, Bowling Green, Cuyahoga Falls, Hudson, Oxford, Ravenna, Stow, Streetsboro, Tallmadge and Wooster) and the results are summarized as follows:

For 12/15 measures Kent is budgeted and staffed below peer city averages.

<u>Comparison Categories</u>	<u>Below Average</u>	<u>At Average</u>	<u>Exceeds Average</u>
1. Spending and Staffing Levels			
Expenses Per Capita	KENT		
Fire and EMS Costs Per Resident		KENT	
Fire and EMS Costs Per Population Served	KENT		
Fire Service Costs Per Call	KENT		
Fire and EMS Staffing	KENT		
Police and Fire Public Safety Costs Per Capita	KENT		
Police Costs Per Capita	KENT		
Sworn Police Per 1,000 Population	KENT		
Civilian Police Per 1,000 Population			KENT
Public Service FTE Per 1,000 Population	KENT		
Public Service Budget Per Capita	KENT		
Public Service FTE Per Infrastructure Mile	KENT		
Parks and Rec Costs Per Capita	KENT		
General Gov't Costs Per Capita	KENT		
<u>Comm. Devel. Costs Per Capita</u>		KENT	
SUBTOTAL	12/15	2/15	1/15
2. Activity and Service Need Indicators			
Fire and EMS Activity Levels	KENT		
Part 1 Crimes Per 1,000 Population		KENT	
Property Crimes Per 1,000 Population		KENT	
Personal Violence Per 1,000 Population			KENT
Police Calls Per 1,000 Population	KENT		
Police Arrests Per 1,000 Population			KENT
DUI Arrests Per 1,000 Population			KENT
Infrastructure Value			KENT
% of Infrastructure Rated Poor/Fair			KENT
<u>% of Roads Rated Poor/Fair</u>			KENT
SUBTOTAL	2/10	2/10	6/10

For 6/10 measures Kent's service needs and activity levels exceeds peer city averages.

Conclusions on costs, staffing and service performance

Based on the profile data, Kent is a community with comparatively higher needs than peer cities (size of combined population, families living in poverty, high number of rental units) but unfortunately Kent has comparatively lower financial capabilities to meet those needs (low income, declining population, aging housing stock, diminishing manufacturing presence) creating a financial "double whammy."

Kent's costs and staffing for government services is lower in 80% of the categories than peer cities' averages and likewise the revenue received per resident is lower in Kent than the peer cities' average despite the fact that Kent exceeded peer city averages in 60% of the service need categories.

Parking Lot follow-up items

Status

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|---|---|
| 1) Compare City Department OT to peer cities | Data proven unavailable/uncomparable |
| 2) Calculate service demand vs. revenue contributions from Kent State University | Data collection in progress |
| 3) Discuss legal costs and use of professional services for legal work | Presentation at 2/22/06 workshop |
| 4) Calculate effective tax rate for Kent residents and compare with peer cities | Data collection in progress |

No New Items Were Added at the February 22nd Workshop