



**PRESCRIBING FUTURE HEALTH:  
A STRATEGIC FINANCIAL PLAN  
FOR THE CITY OF DAYTON**

**The Final Report  
Of The  
Strategic Financial Plan Study Committee**

**Co-Sponsored  
By the  
Dayton Business Committee  
And the  
City of Dayton**

May 2005



# Strategic Financial Plan Study Committee



Co-Chairs: R.Dan Sadlier, President & CEO, Fifth Third Bank • James T. Dinneen, Dayton City Manager

May 1, 2005

Members of the Dayton City Commission:

The Strategic Financial Plan Study Committee is pleased to provide the Dayton City Commission with a Strategic Financial Plan to help City government become financially healthy. We all agree that the fiscal challenge is serious and calls for urgent attention.

Dayton City government has been challenged by over three decades of manufacturing decline and population loss. In response, it has reduced service personnel over 20% since 1998, made numerous operating cuts, and postponed capital infrastructure and equipment replacements.

These past efforts, however, are insufficient to prevent future budget deficits, which were originally estimated by our Study Committee late last year at \$103 million through 2010. The City government has aggressively addressed this challenge. In 2005 alone, it reduced its budget to save \$13 million over the next five years.

Now, the target is moving. State and federal budget deliberations, and the loss of a major employer, have created considerable uncertainty over future grants and tax revenues, further threatening Dayton City government's financial stability. These circumstances make a difficult situation more serious because there may be insufficient resources to deliver current services or maintain adequate service levels.

Within this context, the Study Committee commends Dayton City government for its efforts to balance its recent annual budgets and invest in its future. To build on this momentum, the Study Committee recommends three sets of actions:

- First, it recommends a set of actions to complete the "right-sizing" of City government, to tailor its services and infrastructure to the numbers and needs of Dayton's citizens -- right-sizing.
- Second, it recommends a set of actions to explore sharing services with neighbors across the region -- service-sharing.
- Finally, it recommends a set of actions to equitably distribute the costs of government and create dedicated funding streams for investing in Dayton's future -- future-investing.

Taken together, the recommended actions enhance Dayton City government's capacity to balance revenues and expenditures. Their implementation will require the understanding and support of the entire community. Action now is especially critical in view of the potential cuts in state and federal government funding.

The Study Committee would like to recognize the extraordinary City government staff that helped prepare the Strategic Financial Plan, especially from the Departments of Finance, Management and Budget, and Public Affairs.

The Study Committee looks forward to assisting you in implementing the Strategic Financial Plan.

Sincerely,

R. Dan Sadlier  
President & CEO, Fifth Third Bank  
Study Committee Co-Chair

James T. Dinneen  
City Manager  
Study Committee Co-Chair

## STRATEGIC FINANCIAL PLAN STUDY COMMITTEE

### Co-Chairs

- **Jim Dinneen, Manager, City of Dayton**
- **Dan Sadlier, President and CEO, Fifth Third Bank of Western Ohio**

### Members

- **Lt. Randy Beane, President, Dayton Fraternal Order of Police**
- **Tom Breitenbach, CEO, Premier Health Partners**
- **Annie Bonaparte, Assistant Treasurer, Innerwest Priority Board**
- **Deborah A. Feldman, Administrator, Montgomery County Government**
- **Tim Goecke, President, Dayton Firefighters Local #136**
- **Michael Greitzer, Partner, Miller-Valentine Group**
- **Sean Hathaway, Chairperson, Southeast Priority Board**
- **Allen Hill, Retired President, DPL**
- **Franz Hoge, Retired Managing Partner, PricewaterhouseCoopers**
- **Mike Johnson, President, Johnson Energy**
- **Jim Lindsey, Chairperson, Citizens Financial Review Group**
- **Stephen Roberts, Staff Representative, AFSCME Ohio Council #8**
- **Al Wofford, President and CEO, CDO Industries**
- **Richard Wright, Community Volunteer**

### Staff

- **Ron Budzik, Consulting Director, Dayton Business Committee**
- **Stanley Earley, Assistant City Manager, City of Dayton**
- **Bill Dodge, Regional Excellence Consulting**

## TABLE OF CONTENTS

|   |    |
|---|----|
| <b>Introduction and Executive Summary</b>   | 5  |
| <b>Complete the “Right-Sizing” of City Government -- Right-Sizing (RS)</b>                            | 13 |
| RS-1: Prepare a Multi-Year Strategy to “Right-Size” City Government Services                          | 13 |
| RS-2: Institute an Entrepreneurial Service Delivery Improvement System                                | 14 |
| RS-3: Fully Automate Financial Transactions   | 16 |
| RS-4: Explore a New Set of Service Delivery Improvements Each Year                                    | 17 |
| <b>Share Services Region Wide -- Service-Sharing (SS)</b>   | 19 |
| SS-1: Create a Region Wide Service Sharing Partnership  | 19 |
| SS-2: Explore a New Set of Cooperative Opportunities Each Year  | 20 |
| SS-3: Build a Regional Advocacy Coalition   | 21 |
| <b>Predictably Invest in Dayton’s Future -- Future-Investing (FI)</b>                                 | 23 |
| FI-1: Collect Earnings Taxes from All Who Owe   | 23 |
| FI-2: Explore Special Assessments to Cover Service Costs  | 24 |
| FI-3: Explore Negotiating Payments-In-Lieu-Of-Taxes (PILOTs) with<br>Property Tax-Exempt Institutions | 25 |
| FI-4: Explore Leveraging Capital Infrastructure Assets  | 25 |
| FI-5: Launch New Neighborhood Improvement Alliances   | 26 |
| FI-6: Explore Creating a “Bank” to Acquire and Market Vacant Property                                 | 28 |
| FI-7: Explore Charging a Housing Reinspection Fee   | 29 |
| FI-8: Recruit Loaned Executives for City Government Development Initiatives                           | 29 |
| FI-9: Adopt a \$5 Increase in the Motor Vehicle License Tax   | 30 |
| FI-10: Explore Charging an Admissions Tax at Entertainment Venues                                     | 31 |
| <b>Future Financial Forecast</b>  | 32 |
| <b>Next Steps</b>   | 35 |
| <b>Appendices:</b>  |    |
| A: Strategic Financial Plan Action Estimates  | 36 |
| B. Comparative Government Costs Research  | 38 |

## INTRODUCTION AND EXECUTIVE SUMMARY

The Study Committee set an ambitious goal for the Strategic Financial Plan -- help Dayton City government become financially healthy.

In its first report, *Checking the Vital Signs*, the Study Committee defined the financial challenge to Dayton City government.

Dayton City government follows deliberate planning and budgeting processes, but they have been challenged by the economic volatility of the past three decades. Dayton had massive losses in manufacturing jobs in the 1970s and 1980s, missed the growth of the 1990s, and has struggled through the current decade's recession. Dayton will have even fewer businesses and citizens to pay taxes if current trends continue.

In response, Dayton City government has been reducing service personnel and postponing capital infrastructure and equipment replacements to balance its annual budgets. Since 1998, it has reduced its General Fund employment by approximately 20% -- from 1978 to 1577 employees. The General Fund provides the primary support for fire, police, public works, and other operating services.

However, these efforts to cut services are insufficient to balance future budgets. *Checking the Vital Signs* projected annual deficits in the Dayton City government General Fund, ranging from \$10.3 million in 2005 to \$25.5 million in 2010, for a total of \$103.3 million. Actions already taken to cut service costs in the 2005 budget, many of which recur annually, resulted in reducing the deficit to \$90 million through 2010.

Now, impending state and federal government cuts are making the financial situation of Dayton and its neighbors even more unstable. Ohio state government is threatening to severely cut the Ohio Local Government Fund, which provides approximately 9% of Dayton's General Fund revenues, and implement tax reforms that would reduce tax revenues and debt capacity. The Federal government is threatening to cut in half or more the Community Development Block Grant (CDBG) program, which provides almost all of City government's neighborhood improvement funds.

**The Study Committee commends Dayton City government for its efforts to balance its recent annual budgets and invest in its future. The Study Committee recommends three sets of actions to build on this record and achieve the goal of helping City government become financially healthy:**

- **First, it recommends a set of actions to complete the “right-sizing” of City government by tailoring its services and infrastructure to the numbers and priorities of Dayton’s citizens and customers -- right-sizing.**
- **Second, it recommends a set of actions to explore sharing services with neighbors across the region -- service-sharing.**
- **Finally, it recommends a set of actions to equitably distribute the costs of government and create dedicated funding streams for investing in Dayton’s future - - future-investing.**

**All of the actions are interdependent and need to be acted upon concurrently. The “right-sizing” actions are critical to building City government’s capacity to reduce costs and**

**manage more efficiently. The “service-sharing” actions are critical to engaging regional partners in jointly delivering more efficient services. The “future-investing” actions are critical to making predictable investments in retaining and attracting the families and businesses for future growth.**

Dayton’s financial challenges are real and immediate. The recommended actions need to be pursued with vigor and will require the support of all segments of the community. Dayton City government needs to adapt to its new financial realities now.

**Taken together, now, the recommended actions enhance City government’s capacity to balance its revenues and expenditures and make Dayton a more desirable place to raise a family or grow a business.**

### **Complete the “Right-Sizing” of City Government**

Dayton City government has been reducing personnel and postponing capital infrastructure and equipment replacements to balance its annual budgets since the beginning of the decade. Now, it is critical for City government to look ahead and adopt a multi-year strategy that sets targets for providing cost-effective services to meet the needs of current citizens as well as attract new families and businesses. In addition, City government needs to establish a service delivery improvement system that empowers employees to continually improve the delivery of services to citizens.

Finally, Dayton City government needs to allocate scarce resources to achieve the priority targets for services, since revenues will be insufficient for the foreseeable future to deliver all services. City government needs to identify its core services and provide them in the most efficient and effective way possible, without under sizing them and delivering inadequate service quality.

Together, setting targets, continuing to increase cost effectiveness, and funding priorities will enable City government to “right-size” its organization and services.

The Study Committee recommends that the Dayton City Commission take the lead, with the City Manager, to:

- prepare a multi-year strategy to guide the “right-sizing” of City government services (RS-1),
- institute a service delivery improvement system to empower employees to continually improve the delivery of City government services (RS-2), and
- explore a new set of service delivery improvements each year, starting in 2005 with exploring cost savings initiatives to fully automating financial transactions (RS-3) and finding new efficiencies in emergency medical, convention center, golf, cultural affairs, and public access television services (RS-4).

### **Share Services Region Wide**

Dayton City government and some of its neighbors are finding it increasingly difficult to independently maintain cost-effective services. The City needs to build on its current cooperative efforts and find new ways to jointly deliver services with its neighbors, especially where it can substantially reduce delivery costs. City government can also be more effective by coming together with its neighbors to advocate for common interests with state and national governments.

The Study Committee recommends that the Dayton City Commission take the lead with other community leaders to:

- create a region wide partnership for service sharing (SS-1),
- explore a new set of cooperative opportunities each year (SS-2), starting in 2005 with exploring joint services with jurisdictions on Dayton's borders, joint purchasing of health insurance, joint 911 dispatching, and joint city/county courts, and
- build a Regional Advocacy Coalition to advance cooperative initiatives with Ohio and federal governments (SS-3).

Finally, the Study Committee discussed a topic that is more appropriately addressed to the whole Miami Valley than individual local governments. The Study Committee believes that the financial health of all local governments would benefit from finding ways to cooperate in making investments in future growth.

### **Predictably Invest in Dayton's Future**

Dayton City government has not been able to adequately or consistently fund economic development and neighborhood improvement initiatives, due to other pressing funding needs and the lack of dedicated revenue sources. Now, state and federal governments, which represent most of the outside sources of such funding, are making future investments even more uncertain by threatening severe cutbacks.

The combination of right-sizing, service-sharing, and revenue enhancement actions should assist City government to meet its targets for delivering services. The Study Committee recommends that new funding streams be identified to invest in Dayton's future, through enlarging the number of taxpayers and sharing tax burdens more equitably.

The Study Committee recommends that the Dayton City Commission:

- collect earnings taxes from all who owe but are not paying, by identifying potential taxpayers from the federal Internal Revenue Service tapes (FI-1),
- collect revenues from everyone receiving City services, through exploring special assessments for services received (FI-2) and payments-in-lieu of taxes (PILOTS) from tax exempt properties (FI-3),
- explore leveraging capital infrastructure assets to create new dedicated funding streams (FI-4),
- strengthen economic development and neighborhood improvement activities by launching new neighborhood improvement alliances (FI-5), exploring creation of a bank for acquiring and marketing vacant property (FI-6), exploring collection of a rental reinspection fee to help prevent abandoned housing (FI-7), and recruiting loaned executives for City government development initiatives (FI-8), and
- increase the Motor Vehicle Tax by \$5 to enhance resources for investing in roads (FI-9).

Finally, and if critical to balancing future budgets, the Study Committee recommends that the Dayton City Commission explore charging an admissions tax at arts, athletic, and entertainment venues (FI-10). The Study Committee has concerns about the impact of this tax on already struggling arts and cultural groups, and recommends, if instituted, that resulting revenues be used primarily for downtown development, and secondarily to support arts and cultural organizations in the downtown area.

## Future Financial Forecast

*Checking the Vital Signs* projected annual deficits for the Dayton City government General Fund, ranging from \$10.3 million in 2005 to \$25.5 million in 2010 for a total of \$103.3 million. The General Fund is City government's primary operating fund and provides support for fire, police, public works, and other services. Some City government services, especially those provided by the Aviation and Water departments, are primarily supported by fees for services and state and federal government grants. The actions recommended in this report focus on the City government services financed by the General Fund.

Since *Checking the Vital Signs* was prepared in September 2004, Dayton City government has prepared a balanced budget for 2005. This required further cuts in personnel and postponing some critical capital infrastructure and equipment expenditures. In addition, City government reduced its assumption on annual wage growth from a total of 4% (3% growth in wage increases and 1% step increases) to 3% (2% growth in wage increases and 1% step increases). However, City government decreased its earnings tax projections based on the closing of the UPS facility at Dayton International Airport. Many of these savings, and costs, reoccur annually over the next five years, resulting in reducing the estimated deficit by a cumulative \$13.3 million to a total of \$90.0 million.

*Checking the Vital Signs* stated that the goal of the Strategic Financial Plan is to "stabilize City government's finances, furnish the financial framework for providing essential services within financial realities, and lay the groundwork for investing in the long-term growth and vitality of the City." It called for making adequate investments in City government's capital infrastructure and equipment to replace both at their projected useful life. Most importantly, it called for creating dedicated revenue streams for investing in the economic development and neighborhood improvement that bring new families and businesses to Dayton.

*Checking the Vital Signs* also called for the Strategic Financial Plan to continue to incorporate sound financial management principles. The Strategic Financial Plan needs to help City government stay competitive with its neighbors, and other large cities across Ohio, in its tax rates and debt levels, as well as its service costs and quality. The Strategic Financial Plan urges City government to maintain and improve its bond ratings and keep its tax rates predictable and equitable for families and businesses.

This forecast is based on current conditions and historic trends. Known changes to existing revenues and expenditures have been incorporated to the extent possible. The forecast does not include any major job losses (not already known) from employers who decide to significantly down scale or close. The forecast does not include any additional changes from state or federal government budget actions that could reduce revenues and increase expenditures (other than the 20% reduction to the Ohio Local Government Fund). The forecast does not include the loss of earnings tax revenue that would result from other local municipalities increasing their tax rates. For the purpose of this forecast, there has been no explicit assumption regarding future economic downturns.

Based on these guidelines, Dayton City government estimated the financial impacts of the recommended actions in the Strategic Financial Plan. They are summarized in the Exhibit at the end of the Executive Summary and presented in more detail in Appendix A to this report. The estimates present net cumulative savings; that is, total savings less offsetting costs from 2006 through 2010. For a few of the recommended actions, the amounts could be projected with some mathematical accuracy. For others, especially those that require further analysis, the amounts could not be estimated. The sum of the estimated financial impacts is, therefore, less than what could be achieved

by pursuing all of the recommendations in the Strategic Financial Plan.

**The sum of the savings that can be estimated is impressive; collectively, it could come close to covering the projected deficits through 2010. Equally important, implementing these actions will establish:**

- **the service delivery improvement system required to hit “right-size” service targets,**
- **the intergovernmental partnerships required to provide cost-effective government services, and**
- **the dedicated funding streams required to invest in Dayton’s future growth.**

**Especially in view of the potential cuts in state and federal government funding, it is all the more critical for the Dayton City Commission to aggressively act on these recommended actions.**

Individually, and collectively, the Study Committee assessed the recommended actions against the following ground rules:

- **Big Impact** -- The action will have a substantial impact on the financial condition of Dayton City government by 2010.
- **Minimal Cost** -- The costs of implementing the action are minimal compared to the benefits achieved.
- **Quick Implementation** -- The action can be implemented, or studied and implemented, in the next year or two. Either the Dayton City Commission can implement it on its own, pursue a campaign to secure legislation and funding, or organize a partnership with other critical public, private, and civic interests.
- **Balanced Cuts and Revenues** -- The action helps spread cost reductions across services, either those delivered by line or staff employees; or the action helps make revenues equitable for taxpayers, either current or new ones.
- **Future Investments** -- New revenue actions should focus on investments in Dayton’s future growth and development. They should focus on meeting equipment and infrastructure needs, not existing services, and provide dedicated ongoing funding for economic development and neighborhood improvement.
- **Limited Tax Capacity** -- All actions take into account the limited taxpaying capacity of many Dayton residents. The average household income of Dayton residents is only \$27,423, compared to \$44,603 in the surrounding region.

## **Next Steps**

The Study Committee offers its assistance to the Dayton City Commission in implementing the Strategic Financial Plan.

The Study Committee suggests several options. First, the Study Committee could participate in a series of meetings that will educate community groups on the Strategic Financial Plan and solicit suggestions and support for its implementation. Second, the Study Committee could assist in designing an oversight body to monitor progress in implementing the Strategic Financial Plan. The Study Committee is willing to continue to meet to monitor progress until such an oversight body is created.

Finally, Study Committee members offer their individual time and energy to facilitate the implementation of particular actions in the Strategic Financial Plan.

**Exhibit  
Estimated Financial Impact of Strategic Financial Plan Actions**

| <b>Strategic Financial Plan<br/>Recommended Action</b>  | <b>Cumulative<br/>Impact --<br/>2006 - 2010<br/>(Millions)</b> |
|---|--|
| <b>Complete the “Right-Sizing” of City Government -- Right-Sizing (RS)</b>                    |  |
| RS-1: A Multi-Year Strategy to “Right-Size” City Government Services                          |  |
| RS-2: An Entrepreneurial Performance Management System  | \$46.2   |
| RS-3: Fully Automated Financial Transactions  | (RS-1&2)   |
| RS-4: Annual Service Delivery Improvements  | 1.0  |
|   | 7.2  |
| <b>Share Services Region Wide -- Service-Sharing (SS)</b>                                     |  |
| SS-1: A Region Wide Service Sharing Partnership   |  |
| SS-2: Annual Intergovernmental Agreements   | ---  |
| SS-3: A Regional Advocacy Coalition   | 5.7*   |
|   | ---  |
| <b>Predictably Invest in Dayton’s Future -- Future-Investing (FI)</b>                         |  |
| FI-1: Collection of Earnings Taxes from All Who Owe   |  |
| FI-2: Special Assessments to Cover Service Costs  | 4.2  |
| FI-3: Negotiating Payments-In-Lieu-Of-Taxes (PILOTs) with<br>Property Tax-Exempt Institutions | 16.0<br>---  |
| FI-4: Leverage Capital Infrastructure Assets  |  |
| FI-5: New Neighborhood Improvement Alliances  | 1.0  |
| FI-6: A “Bank” to Acquire and Market Vacant Property  | ---  |
| FI-7: Housing Inspection Fee  | ---  |
| FI-8: Loaned Executives for City Government Development Initiatives                           | 1.0  |
| FI-9: A \$5 Increase in the Motor Vehicle License Tax   | ---  |
| FI-10: Admissions Tax at Entertainment Venues   | 2.8  |
|   | ---  |
| <b>Estimated Financial Impact (For Selected Actions)</b>                                      | <b>\$85.1</b>  |
| * Requires equipping a Montgomery County wide 911 dispatching center                          |  |

## COMPLETE THE “RIGHT-SIZING” OF CITY GOVERNMENT

Dayton City government has been reducing personnel and postponing capital infrastructure and equipment replacements to balance its annual budgets since the beginning of the decade. Now, it is critical for City government to look ahead and adopt a multi-year strategy that sets targets for providing cost-effective services to meet the needs of current citizens as well as attract new families and businesses. In addition, City government needs to establish a service delivery improvement system that empowers employees to continually improve the delivery of services to citizens.

Finally, Dayton City government needs to allocate scarce resources to achieve the priority targets for services, since revenues will be insufficient for the foreseeable future to deliver all services. City government needs to identify its core services and provide them in the most efficient and effective way possible, without under sizing them and delivering inadequate service quality.

Together, setting targets, continuing to increase cost effectiveness, and funding priorities will enable City government to “right-size” its organization and services.

The Study Committee recommends that the Dayton City Commission take the lead, with the City Manager, to implement the following right-sizing actions:

RS-1: Prepare a Multi-Year Strategy to “Right-Size” City Government Services  
Estimated Financial Impact Through 2010 (Total of RS-1 & RS-2): \$46.2 Million

Dayton City government has reduced its General Fund employment by approximately 20% since 1998 -- from 1978 to 1577 employees. To balance its annual budgets, it has also reduced its investments in capital infrastructure and equipment below what is needed to keep up with replacement needs. Moreover, its investments in economic development and neighborhood improvement have declined, following reductions in federal and state government funding.

Some of these cuts are appropriate to serving a shrinking population, but other cutbacks result in reduced services to existing families and businesses, thus discouraging business and residential growth. City government needs to set and communicate targets for “right-sizing” its services to meet the needs of current citizens and attract new ones.

*The Study Committee recommends that City government design and implement a multi-year strategy to “right-size” City government services that:*

- *Sets service performance targets for “right-sized” City Government services*

*Performance targets should be set for serving current citizens as well as for investing in Dayton’s future growth. For example, targets for waste collection could include impacts (the annual increase in percentage of residents recycling), outcomes (the annual increase in tons of waste collected weekly per crew) and inputs (the annual improvement in the cost of Dayton City government services compared to neighbors and other city governments).*

*Targets should be set that make the costs of City government services comparable with other similar local governments in Ohio and nationally. Finally, they should be set at levels that can assure the delivery of services within the projected availability of future revenues, such as by benchmarking personnel costs to earnings tax receipts, as was done historically. Targets could be adopted, posted where services are provided, and*

*communicated to citizens.*

*Appendix B to this report presents comparative salary costs and personnel per thousand residents for Dayton and other local government police and fire services. To be useful in setting and tracking service performance targets, City government should also gather information on the per capita costs of police, fire, and other major services from a representative group of local governments across the country. These costs should be compared, on a regular and ongoing basis (perhaps annually or semiannually), to per capita incomes to measure the relative burden of these services on Dayton versus other local government taxpayers.*

- *Identifies activities and budgets resources to "right-size" services*

*The multi-year strategy should identify activities for achieving the service performance targets, including taking advantage of service delivery improvement opportunities. (See RS-2) It should also allocate resources to achieve year-to-year milestones towards the performance targets. For example, a target for a service that is above comparable costs in other city governments might be to reduce the difference 20% a year in each of the five remaining years in the decade.*

*The Study Committee recommends that City government prepare a multi-year strategy in 2005 to "right-size" services and use it to guide the 2006 and subsequent budgeting processes. The Study Committee recommends that City government retain loaned executives or consultants to assist in designing and implementing this and the next recommended action. Dayton City Government estimates that the implementation of RS-1 and RS-2 will result in the reduction of 150 positions between 2006 and 2010.*

#### RS-2: Institute an Entrepreneurial Service Delivery Improvement System

Estimated Financial Impact Through 2010: See RS-1

The delivery of public services is changing at a breathtaking pace. New technologies and equipment are available before the benefits of older ones are fully realized. Job demands require employees to keep learning new skills to be productive and employable. Emerging citizen needs require transforming services even as they are being delivered. And all of this change is frightfully expensive. Budget constraints require employees to continually find ways to become more efficient while becoming more effective.

Dayton City government has been monitoring its service delivery performance since 1999. It has begun to set outcome, results-oriented measures and uses the results to allocate funds during the annual budgeting process. City government compares its performance to sister cities in the annual Comparative Performance Measurement Survey of the International City/County Management Association.

Now, the City Government needs to step up its efforts and support its employees to be entrepreneurial and make the service delivery improvements required to achieve the "right-size" targets. It can especially empower employees to design and implement "big impact" service delivery improvements, monitor progress in achieving service targets, and report regularly to City government officials and the public. Such a service delivery improvement system can also help City government adjust performance targets to meet changing citizen needs and reallocate budget resources for achieving service targets.

*The Study Committee recommends that City government establish an ongoing, interactive service delivery improvement system that:*

- *Assists employees to pursue “big impact” service delivery improvements*

*City government could institute a range of activities, including:*

- *create an online suggestion box to encourage ideas, and dialogue, on improving City government services,*
- *create and empower working groups to explore service delivery improvements and design strategies for pursuing them,*
- *train City government employees, recruit loaned private sector executives, and retain outside experts to assist the working teams,*
- *provide flexibility in employee working habits to improve productivity, such as cross-training employees to perform new jobs and allowing departments to swap service responsibilities,*
- *review vacant positions to insure that they fit financial and service needs,*
- *create new cost centers to inform employees on the full costs of services and allow them to capture savings for investment in new service delivery improvements, and*
- *allow departments to retain part of savings achieved to finance the next round of improvements. (See RS-3, RS-4, and SS-2)*

- *Monitors progress in achieving performance targets*

*Departments should be reporting frequently, monthly or even semimonthly, on progress in achieving service performance targets and recommending service delivery improvements to reinforce positive and overcome negative performance.*

- *Rewards extraordinary performance*

*City government employees and departments achieving extraordinary performance, or successfully implementing “big impact” service delivery improvements, should be recognized and rewarded for saving costs and improving services, such as by making service delivery improvements an important part of annual employee evaluations, celebrating the successes of service delivery improvement working groups, and offering financial rewards for entrepreneurial services.*

- *Engages the public in strengthening City government’s financial condition*

*City government could build upon its efforts to involve citizens in its annual budgeting processes. It could encourage citizens to submit ideas for service delivery improvements, react to improvement strategies, and participate in monitoring progress in “right-sizing” City government services.*

*The Study Committee recommends that the Dayton City Commission charge the City Manager to institute an entrepreneurial service delivery improvement system. The Study Committee calls on organized labor groups to be partners in designing and implementing this system. The City Manager could examine the service delivery improvement systems used by other local governments, such as CitiStat in Baltimore, and businesses, such as Six Sigma. It’s especially important to*

*explore options for predictably funding this system. The Study Committee recommends that the system be developed and adopted in 2005 and be fully operational in 2006.*

RS-3: Fully Automate Financial Transactions  
Estimated Financial Impact Through 2010: \$1.0 Million

Dayton City government handles financial transactions in a mix of electronic and manual processes. Information is entered electronically for both requisitions and payments, but the actual processing of both requires manual reviews and check-offs by multiple department managers and finance staff. Procurement cards are used to reduce the number of vendor invoices, thereby reducing check-writing costs. A similar mix of electronic and manual processes is required for handling payroll, from filling out time sheets to issuing paychecks.

Dayton City government is increasingly automating its financial transactions. It currently directly deposits paychecks into employee bank accounts and is making some vendor payments electronically. Since 1998, City government has utilized a bank lockbox to collect most of its revenues (including income tax withholding, water utility payments and other receivables), immediately deposit the funds into the City's bank account, and electronically update its customers' accounts. It is working to increase the number of electronic vendor payments, expand the use of the lockbox, initiate electronic imaging and posting of tax documents, and electronically update customer address information. City government is also exploring making payroll direct deposit mandatory, reporting payroll deductions to employees via an automated system, and implementing electronic purchase requisitioning and vendor payment approvals.

Other jurisdictions in Ohio have installed seamless electronic systems to process financial transactions. Instead of manual review of requisitions and payables, managers are electronically cued to review transactions and approve them, thereby speeding up the review process and reducing demands on managers and staff. Once an electronic system is installed, vendors can be requested to submit electronic requests, reducing the need for finance staff to input information.

*The Study Committee recommends that the Dayton City Commission direct the City Manager to design a strategy for fully automating financial transactions and begin implementing the strategy in 2005. To complement this strategy, the Study Committee recommends that the Dayton City Commission sponsor a charter amendment to raise the limit on purchase orders requiring its review to at least \$10,000. The Dayton City Commission now reviews all contracts over \$2500, a limit that results in reviewing small contracts that consume an inordinate amount of time of City Commissioners and senior managers.*

RS-4: Explore a New Set of Service Delivery Improvements Each Year

The Study Committee identified five topics that especially merit exploration for service delivery improvements in 2005.

First, emergency medical services (EMS) are currently provided by City government firefighters who are cross-trained as EMS workers. City government attempts to cover emergency medical service costs by billing users and third-party payers, but of over \$8 million in billings, annually, it only collects approximately \$2.9 million. Medicaid and Medicare, for example, only cover about half of the costs, due to reimbursement limits. Other local governments have tried various approaches for reducing emergency medical service costs and increasing revenues, including enhancing collection efforts from third-party payers; providing services to, or jointly with,

neighboring jurisdictions (see SS-2); and turning part, or all, of service delivery over to reliable private and non-profit providers. Estimated Financial Impact Through 2010: \$2.5 Million

Second, the Dayton Convention Center provides over 100,000 square feet of meeting space and can accommodate up to 10,000 people. In 2003, it hosted 525 conferences and other events with an estimated attendance of 525,000. In spite of 9/11, which resulted in a substantial decline in convention attendance, and competition from other venues, the convention center is beginning to cover its operating expenses. However, the convention center is covering part of its expenses with the revenues generated by a lodging tax and is only able to make small contributions to reducing its approximately \$12.5 million in capital infrastructure debt. The lodging tax also covers the marketing costs of the convention center through the Dayton Convention and Visitors Bureau. Convention business continues to decline nationally, even while expanded and new convention centers are being built, resulting in reexamination of the future missions, sources of support, and operating agreements for many convention centers.

Third, City government operates six golf courses at three locations -- Kittyhawk, Madden, and Community. It has instituted changes that have resulted in coming close to covering its direct golf course operating costs. If the golf courses continue to improve the efficiency of their operations, they will be able to resume paying overhead expenses to the General Fund. Other local governments have explored alternative approaches for delivering golf services, including contracting out services. Estimated Financial Impact Through 2010: \$1.0 Million

Finally, City government's Division of Cultural Affairs and City government's contribution to public access television services offer opportunities for exploring alternative service delivery approaches. The Division of Cultural Affairs manages the Riverbend Art Center, the Dayton Playhouse, and the Dayton Cultural Center and provides numerous cultural and arts programs, special events, and educational opportunities. Examination of City government support for public access television services is timely given the availability of new broadcasting technologies and the renegotiation of cable franchise fees in 2006. Estimated Financial Impact Through 2010: \$1.75 Million for Cultural Affairs and \$1.95 Million for public access television services

*The Study Committee recommends that the Dayton City Commission explore a new set of service delivery improvements each year. For 2005, the Study Committee recommends authorizing the City Manager to explore the topics identified above, and, based on their merits, adopt and implement service delivery improvement recommendations in 2006. The Study Committee further recommends that, if the City decides to bid out services, existing City government employees should be given the opportunity to bid on them.*

## SHARE SERVICES REGION WIDE

Dayton City government and some of its neighbors are finding it increasingly difficult to independently maintain cost-effective services. The City needs to build on its current cooperative efforts and find new ways to jointly deliver services with its neighbors, especially where it can substantially reduce delivery costs. City government can also be more effective by coming together with its neighbors to advocate for common interests with state and national governments.

The Study Committee recommends that the Dayton City Commission take the lead with other community leaders to implement the following service-sharing actions:

### SS-1: Create a Region Wide Service Sharing Partnership

Interjurisdictional and regional cooperation has emerged as the most likely opportunity for Dayton City government and its neighbors to simultaneously improve their services and financial conditions. Sometimes the service sharing opportunities can only be exercised cooperatively, since they are either prohibitively expensive or unrealistic for a single jurisdiction to pursue alone, such as designing cooperative emergency preparedness strategies to address natural disasters or terrorist threats.

Dayton City government has been a partner with Montgomery County government and others in launching cooperative initiatives that have earned it a national reputation, such as the Wellfield Protection and Economic Development/Government Equity (ED/GE) programs. ED/GE is especially germane to this recommendation as it provides seed funding for exploring new cooperative opportunities in Montgomery County. In addition, City government has participated in creating well-regarded regional organizations, including the Miami Conservancy District and the Miami Valley Regional Planning Commission.

Dayton City government has also developed cooperative service arrangements with its immediate neighbors. It provides Fire-EMS dispatch services to Trotwood and Riverside and provides Fire-EMS apparatus maintenance services to surrounding jurisdictions, such as Huber Heights, Oakwood, Jefferson Township, and Riverside. It shares use of its multi-functional crime reporting system with local jurisdictions, such as Riverside, allowing them to electronically comply with state and federal crime reporting requirements. In addition, Riverside, Five Rivers MetroParks and the Montgomery County Sheriff's Office access the system to develop leads for criminal investigations. City government is exploring shared snow removal and street maintenance services with its neighbors. It has had conversations with Montgomery County government and the Miami Valley Regional Planning Commission on joint activities, most recently on cooperative approaches to emergency preparedness.

*The Study Committee recommends that the Dayton City Commission continue to support developing a regional partnership to support service sharing. A service sharing partnership should help City government bring interested jurisdictions together and connect them with technical and financial resources for cooperative activities. The partnership could be informal and overseen by a steering committee composed of the managers of City government and other jurisdictions.*

*To pursue this action, the Study Committee recommends that the Dayton City Commission request the Greater Dayton Mayors and Managers Association and the Miami Valley Regional Planning Commission to design the partnership and facilitate its implementation. The partnership*

*should also explore the roles that can be played by private and non-profit institutions and individual citizens in fostering cooperation. The Study Committee further recommends that the Dayton City Commission provide resources for exploring the initial set of cooperative opportunities (see SS-2) and challenge other participating jurisdictions, along with private and foundation partners, to provide matching resources. The Study Committee recommends that the Dayton City Commission make this request in 2005 and encourage the implementation of the partnership before the end of the year.*

### SS-2: Explore a New Set of Cooperative Opportunities Each Year

The Study Committee identified four services that offer timely opportunities for intergovernmental cooperation in 2005:

- Joint fire, police, emergency medical, and snow removal services, starting with jurisdictions on Dayton's borders

City government has developed a sophisticated capacity to deliver major police, fire, and public works services, as have many of its neighbors. City government could work with its neighbors to examine overlapping, duplicative, and inefficient services and design collaborative agreements for providing joint services.

- Joint purchasing of health insurance and establishing a self-funded program

Few expenditures have grown as quickly and had a more dramatic impact on City government expenditures than health insurance. Expenditures exceeded \$10 million in 2004 and are anticipated to grow by 8% to 16%, annually. Joint purchasing of health insurance requires standardizing health plans across City government employees as well as with those of other participating jurisdictions. In addition, savings can potentially be generated by creating a self-funded program. Estimated Financial Impact Through 2010: \$2.7 Million

- Joint 911 dispatching

Joint 911 dispatching would simplify the patchwork of dispatching operations across Montgomery County and the region. It would also facilitate creating uniform communications protocols, joint operations/command centers, and intergovernmental emergency preparedness plans, all of which are critical to responding to natural and man-made emergencies. Dayton City government alone spends approximately \$6 million on its communications center. Most of the projected savings assume building a new communications center to provide 911 dispatching for Dayton, Montgomery County, and other local governments across the region. A new communications center will require an estimated investment of over \$20 million. Estimated Financial Impact Through 2010: \$3 Million generated from increased 911 fees.

- Combined City/County courts

Dayton City government and other local governments in Montgomery County provide municipal and mayor's courts, as does Montgomery County government for the balance of the county. Together, they might achieve some economies by consolidating their municipal level courts, as has occurred in other counties across the country. Hamilton

County, the central county in the Cincinnati region, consolidated its municipal courts in the 1960s, creating one system to handle criminal and traffic misdemeanors and some landlord tenant cases and claims. Mayor's courts still handle some cases at the discretion of municipal police officers or solicitors. Hamilton County is considering merging its municipal and county prosecutor offices to achieve further savings. Moreover, the Ohio Courts Futures Commission, created by the Ohio Supreme Court in 2000, recommended creating multi-county and regional court partnerships state wide to optimize the use of judicial resources.

*The Study Committee recommends that the Dayton City Commission explore a new set of cooperative opportunities each year. For 2005, the Study Committee recommends authorizing the City Manager to examine the topics above, and, based on their merits, adopt and implement cooperative opportunity recommendations in 2006 and following years.*

### SS-3: Build a Regional Advocacy Coalition

Dayton's fate is tied to state and federal government funding. It cannot restore balance in its financial condition unless both higher levels of government are willing to provide supportive legislation and funding. The importance of federal and especially state government funding to Dayton and its neighbors across the Miami Valley is noted in many of the actions in the Strategic Financial Plan.

Various efforts have already been undertaken to identify common programmatic, legislative, and regulatory concerns with the federal government. The Dayton Development Coalition has been taking the lead in bringing public, private, and civic interests together to advance economic development initiatives with the federal government, especially in conjunction with the region's major employer, Wright-Patterson Air Force Base. The Miami Valley Regional Planning Commission has been taking the lead to advance transportation initiatives. Finally, Dayton Mayor Rhine McLin and her fellow mayors in other major Ohio cities have begun meeting periodically to identify common concerns with Ohio state government.

Given the critical importance of state and federal government funding to the financial health of all local governments in the Miami Valley, it would be timely to tie these efforts together in a coalition, representing public, private, and civic interests, to advocate for priority initiatives.

*The Study Committee recommends that the Dayton City Commission work with the Dayton Development Coalition and others to build a Regional Advocacy Coalition to advance timely legislative policy initiatives with Ohio and federal governments that benefit the Miami Valley and support its implementation in 2005.*

## PREDICTABLY INVEST IN DAYTON'S FUTURE

Dayton City government has not been able to adequately or consistently fund economic development and neighborhood improvement initiatives due to other pressing funding needs and lack of dedicated revenue sources. Now, state and federal governments, which represent most of the outside sources of such funding, are making future investments even more uncertain by threatening severe cutbacks.

The combination of right-sizing, service-sharing, and revenue enhancement actions should assist City government to meet its targets for delivering services. The Study Committee recommends that new funding streams be identified, however, to invest in Dayton's future, through enlarging the number of taxpayers and sharing tax burdens more equitably.

The Study Committee recommends that the Dayton City Commission implement the following future-investing actions:

### FI-1: Collect Earnings Tax from All Who Owe Estimated Financial Impact Through 2010: \$4.2 Million

Dayton City government has increased efforts to collect all taxes due the City. In late 2003, the Income Tax Ordinance was re-written to comply with state law and increase net revenues. Tax loopholes have been closed, fees and penalties have been implemented or increased, and company reporting of 1099 payments to contractors has been made mandatory. In-house temporary debt collectors have been utilized in recent years to aggressively collect known tax balances. Special emphasis has been placed on identifying independent contractors and businesses, which are located outside of the city and have employees working in Dayton. It has been especially successful in securing cooperation from hospitals, construction firms, and governments.

A legal opinion from an outside law firm is being sought to confirm that an appropriate basis exists for collecting earning taxes from out-of-town lawyers who practice in Dayton.

City government is also attempting to secure federal Internal Revenue Service tapes to identify existing taxpayers that are underreporting income and new taxpayers that are not paying earnings taxes.

Cities of over 250,000 population have access to IRS tapes that provide information on the source and location of taxpayer income. Columbus and Toledo use this information to identify unreported income and non-filing taxpayers, and are collecting an additional \$4.4 million and \$2.2 million in annual earnings taxes, respectively, according to the 2004 University of Dayton Revenue Enhancement and Equity Study (UD Study) for City government.

Income generated from taxpayers identified by the IRS tapes would substantially come from new and underpaying taxpayers. Securing the IRS tapes, however, will require enabling legislation from the United States Congress. One option is to lower the threshold in the existing legislation to 125,000 population, which would pick up Dayton and other cities that also have local earnings or income taxes.

*The Study Committee recommends that the Dayton City Commission take the lead, with other affected city governments, in pursuing legislation to secure the IRS tapes. It further recommends that the Dayton City Commission quickly secure a legal opinion on an equitable basis for collecting*

*earnings taxes from lawyers who practice but do not live in Dayton and begin applying it in 2005.*

FI-2: Explore Special Assessments to Cover Service Costs  
Estimated Financial Impact Through 2010: \$16.0 Million

Special assessments can be applied to particular users of some services, such as for street cleaning, tree maintenance, and curbs and sidewalks for adjoining landowners. In addition, some assessments are passed on from other levels of government, such as from the Miami Valley Conservancy for flood protection to Dayton and its neighbors along the flood plains of the Miami Valley.

Ohio municipalities can collect special assessments on street resurfacing, parkways and boulevards, curbs and sidewalks, storm water collection, levies and dams, snow removal, street lighting, off-street parking facilities, shade trees, street cleaning, sidewalk cleaning, and weed control. They are applied on the basis of the benefit received, such as assessed value, improvements to property, or length of property abutting an improvement. For example, Cincinnati has an Urban Forestry Program, Akron has special assessments for street cleaning and street lighting, and Toledo has special assessments that cover a number of streetscape services (tree levy, street lighting, sweeping, boulevards and triangles, and leaf and snow removal). The UD Study recommended that City government consider street lighting and streetscape special assessments.

Special tax assessments can broaden the tax base by collecting from homeowners, businesses, and institutions that are exempt from property taxes. They can be regressive if they apply the same fees to each taxpayer, rich or poor. Moreover, they have to be perceived as offering special services, while not being perceived as tax burdens, to be accepted by taxpayers.

*The Study Committee recommends that the Dayton City Commission authorize exploring options for special assessments, and their impact on taxpayers and the earnings tax renewal in 2006, and based on their merits, adopt special assessments in 2007.*

FI-3: Explore Negotiating Payments-In-Lieu-Of-Taxes (PILOTs)  
with Property Tax-Exempt Institutions

Approximately 30% of real property in Dayton is exempt from property taxes, including schools at all levels, governments at all levels, charitable institutions, churches, and graveyards. As a result, City government forgoes approximately \$7 million in taxes, annually, almost half of which is for government property.

Tax-exempt organizations, other than local governments, make voluntary or negotiated Payments-in-Lieu-of-Taxes (PILOTs) in some cities, especially those with a high percentage of tax-exempt property. Some PILOTs are totally voluntary, and often symbolic; some are negotiated and cover part or all of the costs of police, fire, snow removal, and other services. Some PILOTs are entirely paid in cash; some jurisdictions allow part of the payment in services. Special advisory boards have been created in some cities, such as Philadelphia and Pittsburgh, to guide the negotiation of PILOTs.

In addition to local tax-exempt organizations, some state governments make PILOTs to local governments for their properties; the federal government makes similar payments for its properties; both can be unpredictable since they depend on annual appropriations.

*The Study Committee recommends that the Dayton City Commission authorize a study of*

*negotiating PILOTs with tax-exempt institutions. The Study Committee especially recommends exploring options to assure that PILOTs do not make tax-exempt institutions in Dayton uncompetitive across the Miami Valley. The study could draw upon the recent studies in other central cities, such as Cleveland and Pittsburgh. Based on the merits of the study, and the experiences in other jurisdictions, the Study Committee recommends negotiating a PILOT program with tax-exempt institutions in 2005.*

FI-4: Explore Leveraging Capital Infrastructure Assets  
Estimated Financial Impact Through 2010: \$1.0+ Million

Dayton City government has a wide range of capital infrastructure assets, including golf courses, parks, airports, water and storm water systems, streets and bridges, maintenance facilities, buildings, and other facilities and equipment. City government is already taking advantage of some of its assets. It is creating joint economic development districts at both airports and considering marketing its storm water sewers for installing fiber optic cable. It is also exploring making its extensive maintenance facilities available to other users. Finally, City government is exploring leasing or swapping City government-owned land to foster economic development

For example, in 2004 the City water system paid nearly \$1.8 million in indirect costs to the General Fund to reimburse the City for administrative services provided to the Water Fund. In addition, the water/utility bill is the vehicle for collecting sewer, wellfield protection, stormwater, waste disposal, and waste container fees. Finally, interest earned on cash balances from the Sewer, Stormwater, and General Obligation Bond proceeds, and Wellfield funds are being credited to the General Fund. This resulted in an additional \$1 million in earnings to the General Fund in 2004.

Other cities have set up their water systems as publicly owned and privately operated for-profit entities to leverage dedicated funding streams for City government. For example, the Louisville Water Company is owned by the City of Louisville. The Mayor appoints the 7 board members. The Company pays an annual dividend to the City equal to 60% of its profits, an amount that now exceeds \$12 million annually. The Company makes a payment in lieu of taxes to City government; it provides free water now valued at over \$7 million, annually. In addition, other cities lease City-owned land, sometimes up to 99 years and often with renewal clauses to capture value gains, to create dedicated funding streams. Finally, Cincinnati is exploring whether business investments in City-owned capital infrastructure assets can be considered as tax-deductible charitable contributions.

*The Study Committee recommends that the Dayton City Commission authorize a study of the use of City government capital infrastructure assets to create new, and dedicated, funding streams. The study should focus on opportunities that allow City government to retain ownership of the capital infrastructure assets. The study should identify options for reexamining the use of these funding streams on a periodic basis. Finally, the study should carefully consider the financial implications of leveraging capital infrastructure assets. Based on the study, the City Commission should pick, in 2006, one or more of the options recommended, and implement them.*

FI-5: Launch New Neighborhood Improvement Alliances

Improved neighborhoods can attract individual and business taxpayers to locate in Dayton.

Dayton City government has already launched a number of successful neighborhood improvement alliances. The Genesis alliance links job preservation and growth at Miami Valley

Hospital, the University of Dayton, and NCR with neighborhood renewal, which has already resulted in 23 new infill homes and 11 renovations. The Phoenix alliance links renovations at Good Samaritan Hospital with City government investments to enhance the Upper Salem Avenue Business District and surrounding neighborhoods. The emerging Renaissance alliance combines the expansion of Grandview Hospital with a new public school, highway improvements, and enhancement of four adjacent neighborhoods.

City government is also investing in downtown housing. It met its initial target of creating 500 new housing units downtown over the past 5 years and is now establishing a more aggressive target for the next five years. Finally, City government is working with Dayton Public Schools to make new schools centers for community services and incubators for neighborhood improvement.

City government leverages its own neighborhood improvement funds, almost all of which are provided by the Federal government, to generate \$10 for each \$1 invested. City government invested an average of \$6 million annually in neighborhood improvement funds over the past three years.

Federal government funds are shrinking rapidly and City government funds have become unpredictable, making it difficult to sustain the activities of existing alliances, much less consider new ones. Even so, City government recognizes the importance of these alliances and is exploring creating new ones, especially if it can find anchor institutions, such as businesses, colleges or hospitals, and dedicated funding streams to finance them.

*The Study Committee recommends that the Dayton City Commission authorize the City Manager to explore opportunities for establishing new public/private/civic neighborhood improvement alliances. City government should continue to examine the:*

- *status of existing alliances and the factors that contribute to their success or slow down their progress,*
- *neighborhoods that offer timely opportunities for improvement, such as those where new public schools are being built,*
- *likely public, private, and civic partners, and especially anchor institutions, to participate in the alliances,*
- *current economic development, neighborhood improvement, and capital infrastructure investment plans and how they relate to the updated zoning code being prepared by City government,*
- *resources required to invest in preparing new neighborhood improvement plans and facilitating establishing new alliances, and*
- *alternative sources of dedicated funding to invest in existing and new alliances (see FI-4).*

*The Study Committee recommends that the Dayton City Commission select the most promising opportunities for new neighborhood improvement alliances in 2005 and identify the dedicated funding streams to support their implementation in 2006 and beyond.*

## FI-6: Explore Creating a “Bank” to Acquire and Market Vacant Property

Rebuilding Dayton’s housing and neighborhood facilities is critical to successful neighborhood improvement (see FI-5). Putting vacant housing and facilities, as well as land, back on the tax rolls offers major challenges to Dayton City government. Acquiring title to abandoned property takes years. Moreover, all too much of the property is abandoned by owners and renters because of market forces that favor foreclosures over reinvestment. Once title is acquired, marketing the property offers another set of challenges, especially in neighborhoods that have become saturated with abandoned properties.

Other local governments have created land banks to help put abandoned property back on the tax rolls. For example, the Genesee County (Michigan) Land Utilization Council, Inc. was created to take advantage of state legislation empowering county governments to gain control of vacant property in only one to two years (Michigan Property Tax Foreclosure Law: P. A. of 1999). Foreclosure can be postponed on a property owner facing a “substantial financial hardship.” The law also provided funding to help counties manage tax-foreclosed properties by transferring the sale of valuable property to a statewide Land Reutilization Fund. This funding has allowed Genesee County to create a Land Reutilization Council to acquire land through foreclosure. Foundations support a planning process to market the property, by connecting foreclosed property with regional polices that encourage infill development in Flint, the central city in the region.

In the first two years, the Land Reutilization Council took title to 2500 parcels of land, including nearly 5% of the land in Flint. The Council also owns 140 occupied foreclosed properties that are managed by nonprofit housing corporations. The Council is using a variety of approaches to market its holdings, including rehabilitating salvageable units, tearing down dilapidated ones, selling “side” lots to neighbors, and assembling groups of lots for larger scale infill development.

In this region, the Miami Valley Regional Planning Commission is conducting a regional assessment of vacant property.

*The Study Committee recommends that the Dayton City Commission continue to work with the Miami Valley Regional Planning Commission to explore creating a county, or even region, wide “bank” to acquire and market vacant property. The Study Committee recommends exploring alternative options for administering the “bank” as well as for its financing by local and state sources. The Study Committee recommends exploring state legislation for creating and supporting the “bank”, as well as strengthening housing inspection and enforcement and speeding up the acquisition of abandoned housing, facilities, and land. Finally, the Study Committee recommends exploring the market for property acquired by the “bank.” Based on the merits of this exploration, and the experiences in other jurisdictions, the Study Committee recommends that the Dayton City Commission advocate for creating a “bank.”*

## FI-7: Explore Charging A Housing Reinspection Fee Estimated Financial Impact Through 2010: \$1.0 Million

Some Ohio municipalities collect rental reinspection fees to help prevent the abandonment of housing units. Inspections are conducted annually, when there is a turnover in tenants, or when building violations are noted. Reinspections are made when violations are noted, and remade until the violations are corrected. Usually there is no charge for the first reinspection. Subsequent reinspections, when violations are not corrected, can become increasingly expensive, up to hundreds

of dollars per inspection. Some local governments even charge monthly fees until the violations are corrected.

The City of Dayton currently conducts inspections and reinspections of housing violations at no charge. A Housing Task Force, appointed by City government, recently recommended charging a \$75 fee for any reinspections, beyond the first one, required for uncorrected violations.

*The Study Committee recommends that the Dayton City Commission explore collecting a rental reinspection fee to help prevent housing abandonment in 2005 and, based on its merits, adopt a rental reinspection fee.*

#### FI-8: Recruit Loaned Executives for City Government Development Initiatives

Dayton City government must aggressively attract new businesses to expand its tax base and grow.

City government draws on a wide array of resources for retaining, expanding, and attracting businesses to Dayton. It uses its own General Fund revenues and, at times, tax increment financing. It has also used the ED/GE program and housing trust funds as well as state and federal government funding. It has established enterprise zones and incubators to support start-up businesses, such as Tech Town and West View, and is creating joint economic development districts at the Dayton International and Dayton-Wright Brothers airports.

City government has entered into a complex mix of financial, government, business, education, healthcare, and community partnerships to foster economic development. It is an active partner in regional partnerships, such as the Dayton Development Coalition, to foster regional economic development. It makes strategic investments in growing existing companies and attracting new ones with a commitment to Dayton. It has coupled economic development with neighborhood improvement in the Genesis, Phoenix, and Renaissance alliances.

Tying all of these resources and partnerships together into coordinated strategies for closing timely deals with prospective businesses can quickly exceed Dayton City government's limited staff resources.

*The Study Committee recommends that the Dayton City Commission enter into a partnership with the Dayton Development Coalition to identify loaned executives, from key businesses and other organizations, who could assist in recruiting businesses to Dayton. Loaned executives could especially assist in developing strategies for engaging their chief executive officers in pursuing prospective businesses for Dayton. They could be made available to City government for short-term assignments, generally from a few days to a few weeks. The Study Committee recommends that the Dayton City Commission secure the support of the Dayton Development Coalition and begin identifying loaned executive needs in 2005.*

#### FI-9: Adopt a \$5 Increase in the Motor Vehicle License Tax Estimated Financial Impact Through 2010: \$2.8 Million

Ohio local governments are authorized to collect up to \$20 in motor vehicle license taxes to support their roadway funds. Vehicle owners in Dayton pay a \$15.00 license fee; a majority (12 of 20) of surrounding jurisdictions already charge the full \$20 allowed under state law.

The impact of the additional fee on Dayton residents and businesses is relatively small and probably has little impact on their economic viability or location decisions. The fee itself is a bit regressive, since rich and poor pay the same amount, and does not broaden the tax base. However, it is collected by Ohio state government at no cost to Dayton City government.

*The Study Committee recommends that the Dayton City Commission adopt the \$5 increase in the Motor Vehicle License Tax.*

\*\*\*

The Study Committee recommends that the Dayton City Commission consider two additional actions after acting on FI-1 to FI-9.

First, the Study Committee explored broadening the base of the earnings tax, but is not making a recommendation due to the need to secure statewide legislation for any changes in the earnings tax base. If Ohio state government launches a comprehensive examination of state and local taxes, which is under consideration, such base broadening options should be considered.

Second, and if critical to balancing future budgets, the Study Committee recommends that the Dayton City Commission explore charging an admissions tax at arts, athletic, and entertainment venues (FI-10). The Study Committee has concerns about the impact of this tax on already struggling arts and cultural groups, and recommends, if instituted, that resulting revenues be dedicated primarily to downtown development and secondarily to support for arts and cultural organizations in the downtown area.

#### FI-10: Explore Charging an Admissions Tax at Entertainment Venues

Admissions taxes are levied on tickets and cover charges to performing arts, athletic, and other amusement venues. An admissions tax in Dayton could apply to events held at the Fifth-Third Field, Schuster Performing Arts Center, Victoria Theatre, Memorial Hall and Convention Center, as well as those held at clubs and other venues. Some Ohio municipalities also charge an admissions tax at college, university, and high school athletic events.

Sixty other Ohio municipalities levy an admissions tax, with most at rates around 3%. The revenues from admissions taxes are earmarked for specific purposes or flow into the General Fund.

Admissions taxes partially broaden the tax base, require investment in staff to monitor collection, and are somewhat regressive, since rich and poor pay the same amount. The tax might also have an adverse impact on already struggling arts and entertainment venues, which are critical to attracting new families and businesses to Dayton. Dedicating some or all of this tax to these venues, especially given the potential reduction in Montgomery County government support, might increase the tax's attractiveness.

*The Study Committee recommends that the Dayton City Commission explore charging an admissions tax and dedicate the resulting revenues to support downtown development and arts and cultural groups. The Dayton City Commission should explore charging an admissions tax in 2005, and based on its merits, and resolution of any legal impediments, adopt it, if critical to balancing future budgets.*

## FUTURE FINANCIAL FORECAST

*Checking the Vital Signs* projected annual deficits for the Dayton City government General Fund, ranging from \$10.3 million in 2005 to \$25.5 million in 2010 for a total of \$103.3 million, based on the assumptions presented in the Introduction:

- Revenue and expenditure, along with population, trends will continue at historic rates.
- The level of reserves in Dayton City government will remain unchanged.
- Equipment will be replaced at its projected useful life at a cost of \$4 million annually.
- Capital infrastructure projects will be replaced at their projected useful life at a cost of \$5.5 million in City government funds, annually. These funds will be matched with \$15 to \$20 million in other funds, primarily federal government transportation grants, annually.
- Economic development and neighborhood improvement commitments will be at the same level of investment as recent history, \$3.4 million in City government funds, annually. These funds will be matched with other public, private, foundation and civic funds. This level of funding is key to achieving the projected growth of 1.9% in earnings taxes.

Since *Checking the Vital Signs* was prepared in September 2004, Dayton City government has prepared a balanced budget for 2005. This required further cuts in personnel and postponing critical capital infrastructure and equipment expenditures. In addition, City government reduced its assumption on annual wage growth from a total of 4% (3% growth in wage increases and 1% step increases) to 3% (2% growth in wage increases and 1% step increases). However, City government decreased its earnings tax collections based on the closing of the UPS facility at Dayton International Airport. Many of these savings, and costs, reoccur annually over the next five years, resulting in reducing the estimated deficit by a cumulative \$13.3 million to a total of \$90 million.

Dayton City government estimated the financial impacts of the recommended actions in the Strategic Financial Plan. They are summarized in the Exhibit at the end of the Executive Summary and presented in more detail in Appendix A to this report. The estimates present net cumulative savings; that is, total savings less offsetting costs from 2006 through 2010. For a few of the recommended actions, the amounts could be projected with some mathematical accuracy. For others, especially those that require further analysis, the amounts could not be estimated. The sum of the estimated financial impacts is, therefore, less than what could be achieved by pursuing all of the recommendations in the Strategic Financial Plan.

**The sum of the savings that can be estimated is impressive; collectively, it could come close to covering the projected deficits through 2010. Equally importantly, implementing these actions will establish:**

- **the service delivery improvement system required to hit “right-size” service targets,**
- **the intergovernmental partnerships required to provide cost-effective government services, and**
- **the dedicated funding streams required to invest in Dayton’s future growth.**

A final caution: state and federal government actions are already making the financial situation of Dayton and its neighbors even more challenging. As this report is being completed,

Ohio state government is threatening to severely cut the Ohio Local Government Fund that provides approximately 9% of Dayton's General Fund revenues. The Federal government is threatening to cut in half or more the Community Development Block Grant program, which provides almost all of City government's neighborhood improvement funds. As a result, Montgomery County Government has already begun to reduce funding for the Economic Development/Government Equity program, which provides critical support for the service-sharing actions.

**Especially in view of these potential cuts in funding, it is all the more critical for the Dayton City Commission to aggressively act on these recommended actions.**

**Exhibit  
Estimated Financial Impact of Strategic Financial Plan Actions**

| <b>Strategic Financial Plan<br/>Recommended Action</b>  | <b>Cumulative<br/>Impact --<br/>2006 - 2010<br/>(Millions)</b> |
|---|--|
| <b>Complete the “Right-Sizing” of City Government -- Right-Sizing (RS)</b>                    |  |
| RS-1: A Multi-Year Strategy to “Right-Size” City Government Services                          |  |
| RS-2: An Entrepreneurial Performance Management System  | \$46.2   |
| RS-3: Fully Automated Financial Transactions  | (RS-1&2)   |
| RS-4: Annual Service Delivery Improvements  | 1.0  |
|   | 7.2  |
| <b>Share Services Region Wide -- Service-Sharing (SS)</b>                                     |  |
| SS-1: A Region Wide Service Sharing Partnership   |  |
| SS-2: Annual Intergovernmental Agreements   | ---  |
| SS-4: A Regional Advocacy Coalition   | 5.7*   |
|   | ---  |
| <b>Predictably Invest in Dayton’s Future -- Future-Investing (FI)</b>                         |  |
| FI-1: Collection of Earnings Taxes from All Who Owe   |  |
| FI-2: Special Assessments to Cover Service Costs  | 4.2  |
| FI-3: Negotiating Payments-In-Lieu-Of-Taxes (PILOTs) with<br>Property Tax-Exempt Institutions | 16.0   |
| FI-4: Leverage Capital Infrastructure Assets  | ---  |
| FI-5: New Neighborhood Improvement Alliances  | 1.0  |
| FI-6: A “Bank” to Acquire and Market Vacant Property  | ---  |
| FI-7: Housing Inspection Fee  | ---  |
| FI-8: Loaned Executives for City Government Development Initiatives                           | 1.0  |
| FI-9: A \$5 Increase in the Motor Vehicle License Tax   | ---  |
| FI-10: Admissions Tax at Entertainment Venues   | 2.8  |
|   | ---  |
| <b>Estimated Financial Impact (For Selected Actions)</b>                                      | <b>\$85.1</b>  |
| * Requires equipping a Montgomery County wide 911 dispatching center                          |  |

**NEXT STEPS**

The Study Committee offers its assistance to the Dayton City Commission in implementing the Strategic Financial Plan.

The Study Committee suggests several options. First, the Study Committee could participate in a series of meetings that will educate community groups on the Strategic Financial Plan and solicit

suggestions and support for its implementation. Second, the Study Committee could assist in designing an oversight body to monitor progress in implementing the Strategic Financial Plan. The Study Committee is willing to continue to meet to monitor progress until such an oversight body is created.

Finally, Study Committee members offer their individual time and energy to facilitate the implementation of particular actions in the Strategic Financial Plan.

**Appendix A:**  
**City of Dayton Government**  
**Strategic Financial Plan Action Estimates**

**Strategic Financial Plan Study Committee  
2006 to 2010 Options for Revenue Enhancement & Expenditure Reductions  
(City of Dayton Estimates)**

|  | General Fund       |                     |                     |                     |                     | Total               |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2006               | 2007                | 2008                | 2009                | 2010                |                     |
| <b>Assumptions:</b>  |                    |                     |                     |                     |                     |                     |
| General Inflation  | 2.5%               | 2.5%                | 2.5%                | 2.5%                | 2.5%                |                     |
| Wage Inflation   | 4.5%               | 4.4%                | 4.2%                | 3.8%                | 3.5%                |                     |
| <b>Revenue</b>   |                    |                     |                     |                     |                     |                     |
| FI - 1 Enhanced Income Tax Collections   | 0                  | 1,000,000           | 1,025,000           | 1,050,625           | 1,076,891           | 4,152,516           |
| FI - 9 Vehicle License Tax   | 550,000            | 550,000             | 550,000             | 550,000             | 550,000             | 2,750,000           |
| FI - 2 Special Assessments <sup>1</sup>  | 0                  | 4,000,000           | 4,000,000           | 4,000,000           | 4,000,000           | 16,000,000          |
| FI - 4 Asset Sales   | 200,000            | 200,000             | 200,000             | 200,000             | 200,000             | 1,000,000           |
| SS - 2 911 Fee for Dispatching Costs <sup>2</sup>  | 0                  | 0                   | 1,000,000           | 1,000,000           | 1,000,000           | 3,000,000           |
| FI - 7 Housing Reinspection Fee  | 0                  | 250,000             | 250,000             | 250,000             | 250,000             | 1,000,000           |
| RS - 4 Enhanced EMS/Vehicle Accident Fees  | 490,000            | 499,800             | 509,796             | 519,992             | 530,392             | 2,549,980           |
| RS - 4 Golf Indirect Charge Payment  | 200,000            | 200,000             | 200,000             | 200,000             | 200,000             | 1,000,000           |
| <b>Revenue Enhancements</b>  | <b>1,440,000</b>   | <b>6,699,800</b>    | <b>7,734,796</b>    | <b>7,770,617</b>    | <b>7,807,282</b>    | <b>31,452,495</b>   |
| <b>Expenditures</b>  |                    |                     |                     |                     |                     |                     |
| Management Review:   |                    |                     |                     |                     |                     |                     |
| RS - 1 Workforce Reductions <sup>3</sup>   | 2,304,097          | 4,812,181           | 7,519,723           | 10,402,375          | 13,459,782          | 38,498,157          |
| RS - 2 Operating Cost Reductions   | 1,937,000          | 1,437,000           | 1,437,000           | 1,437,000           | 1,437,000           | 7,685,000           |
| RS - 3 Financial Transactions  | 200,000            | 200,000             | 200,000             | 200,000             | 200,000             | 1,000,000           |
| RS - 4 Cultural Affairs Reductions   | 350,000            | 350,000             | 350,000             | 350,000             | 350,000             | 1,750,000           |
| RS - 4 DATV Support Elimination <sup>4</sup>   | 150,000            | 450,000             | 450,000             | 450,000             | 450,000             | 1,950,000           |
| SS - 2 Health Insurance Cost Savings   | 300,000            | 600,000             | 600,000             | 600,000             | 600,000             | 2,700,000           |
| <b>Expenditure Reductions</b>  | <b>5,241,097</b>   | <b>7,849,181</b>    | <b>10,556,723</b>   | <b>13,439,375</b>   | <b>16,496,782</b>   | <b>53,583,156</b>   |
| <b>Deficit Projection per Forecast</b>   | <b>(1,981,442)</b> | <b>(14,535,959)</b> | <b>(17,716,415)</b> | <b>(21,118,548)</b> | <b>(24,502,240)</b> | <b>(89,854,603)</b> |
| <b>Total Revenue &amp; Expenditure Solutions</b>   | <b>6,681,097</b>   | <b>14,548,981</b>   | <b>18,291,519</b>   | <b>21,209,992</b>   | <b>24,304,064</b>   | <b>85,035,653</b>   |
| <i>Workforce Reductions (RS1 &amp; RS4)</i>  | 30                 | 30                  | 30                  | 30                  | 30                  | 150                 |
| <b>The reduction to the Tangible Property Tax and a 50% cut to CDBG would require the following additional workforce reductions:</b> |                    |                     |                     |                     |                     |                     |
| <i>Workforce Reductions-Tangible Prop. Tax</i>   | 6                  | 6                   | 1                   | 2                   | 2                   | 17                  |
| <i>Workforce Reductions - CDBG</i>   | 47                 | 0                   | 0                   | 0                   | 0                   | 47                  |
| <b>Total Annual Workforce Reductions</b>   | <b>83</b>          | <b>36</b>           | <b>31</b>           | <b>32</b>           | <b>32</b>           | <b>214</b>          |
| <b>Total Cumulative Workforce Reductions</b>   | <b>83</b>          | <b>118</b>          | <b>149</b>          | <b>181</b>          | <b>214</b>          | <b>214</b>          |

Notes:  
Assumes 2% increase for wages, 1% for steps & an average of 11.2% annually for health insurance

Based on UD Study, primarily from the IRS tapes  
Based on vehicles registered in Dayton  
Based on GF subsidy to Street Maint. & MCD payment  
Based on additional land sales  
Based on the 29 cents per telephone line charge  
Based on discounted number of current reinspections  
Based on enhanced & full year's collection rates  
Based on the admin. fees charged by the General Fund

Based on workforce reductions of 2% annually  
Based on operating costs in 2004  
Based on increased P-card rebates & other efficiencies  
Based on the elimination of programming  
Based on 100% elimination of franchise fee support  
Based on estimates of self-funding & joint purchasing

- 1) Due to the double impact on some tax-exempt businesses, estimates are based on adoption of either Special Assessments or PILOTs, but not both. The annual revenue from PILOTs is estimated at approximately \$1.0 million, significantly less than the \$4.0 million estimate for Special Assessments.
- 2) Requires authorization by Montgomery County to modify the current fee structure and is contingent on joint dispatching operations between the City and the County (requiring a \$20 million capital investment).
- 3) Workforce reductions are contingent on increased efficiencies resulting from investments in equipment & technology.
- 4) Current Franchise Fee agreement expires in mid 2006.
- 5) An Admissions Tax could generate \$786,000 annually or \$3.1 million over the life of the plan.
- 6) To fully eliminate the projected \$11.98 million deficit in 2006 will require additional cuts to personnel, capital equipment/improvements and economic development.

**Appendix B:**  
**City of Dayton Government**  
**Comparative Government Costs Research**



**Research Presented to the Strategic Financial Plan Study Committee**

**February 10, 2005**

**Prepared by the City of Dayton, Department of  
Management and Budget**

## INTRODUCTION

This report is designed to provide information to the Strategic Financial Plan Study Committee regarding revenues and expenditures of the City of Dayton, relative to other large cities in Ohio. The first part of the analysis compares cities' revenue and expenditure data using 2003 Comprehensive Annual Financial Report. The findings provide a broad picture of the relative degree to which Dayton collects and allocates resources. The second part of the analysis compares the top step salary and average health insurance costs per employee for a sample of job classifications. For universal classifications such as Police Officer and Firefighter, the number of filled positions per capita is compared.

Comparing services between cities is almost impossible due to the difference in the way services are administered between cities and the way those services are funded. Complicating structural differences is the difficulty of collecting data from cities. To date, some cities have yet to respond to public information requests regarding data for this analysis.

In comparing financial data across governmental entities, the CAFR (Comprehensive Annual Financial Report) was found to be our best source of data. Financial data reported in each CAFR, must utilize a consistent "measurement focus" and "basis of accounting." Conversely, budgetary statements may use a variety of methods to report revenue and expenditures.

The CAFR is a local government's financial report and encompasses all funds and component units of the government. The CAFR is the official annual report and includes basic financial statements and required supplementary information. The report is compiled using generally accepted accounting principles (GAAP) which are determined by the Governmental Accounting Standards Board. Within the CAFR, there are governmental funds, which are used to account for tax-supported activities (the General Fund, special revenue funds, debt service funds, capital project, and permanent funds). Governmental fund reporting focuses on the sources, uses and balance of current financial resources. The governmental funds are reported on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with some exceptions.

Another nuance that the reader should consider is the lack of uniformity with respect to the composition of funds. Specifically, what makes up the General Fund in one government may not mirror what makes up the General Fund in another City government. For example, on the expenditure-side, the services provided and the quality of those services are not uniform across all municipalities. On the revenue-side, the degree to which special assessments are used and the distribution of income tax revenues are two areas where there are significant differences among the major Ohio cities.

Reader's Note: The City's management reports are based on a modified cash basis (i.e. some revenue sources are recorded in cash while others are recorded on a modified accrual basis). Most local governments managed their day-to-day financials in this manner.

## CONCLUSION

Using 2003 CAFR data, State Employment Relations Board data, and a telephone survey the following conclusions can be gleaned from the research.

- Based on 2003 CAFR data, Dayton ranks in the middle of the range for governmental revenues, but near the bottom in governmental expenditures.

- When comparing Police Officer positions per capita, Dayton ranks in the middle at 2.094 per 1,000 capita. When comparing Firefighter positions per capita, Dayton, also ranks in the middle at 1.336 per 1,000 capita.
- Dayton's total compensation including salary and health insurance is comparable to other cities in the survey. The one exception is the classification of Laborer for which Dayton ranks first in total compensation.

## **METHOD**

### **CAFR Analysis**

This Analysis compares the finances of Ohio's six largest cities. Results of the study offer a limited snapshot of each city's allocation of financial resources. Data used in the Other Cities Comparison was gathered from each city's 2003 Comprehensive Annual Financial Report (CAFR).

The focus of the Other Cities Comparison will be each city's total of all *governmental funds*. Governmental funds include capital funds, debt service funds, special assessment funds, permanent funds and the General Fund. Public services which are not purchased by unit are contained in the collection of governmental funds.

### **Personnel Costs**

Personnel costs are the driving factor for providing public services. It is common for cities to have nearly 70% of their total costs be personnel costs. For this reason, personnel costs were compared separately.

The top-step salary plus average health insurance cost are added together to get the total compensation of a specific position. City pension contributions are the same for all positions. The majority of the workforce for any given position is assumed to be in top step. A list of benefits for each position was garnered from the State Employee Relations Board to ensure no benefits are left out. While all longevity payouts vary, none vary so greatly that special consideration needs to be made. Overtime is assumed to be constant for all cities in the study.

A secondary focus of the research was to obtain the total number of employees for each position as of 12/31/04. Comparing the number of Police Officers and Firefighters is more relevant because their positions are more clearly defined and universally used. Filled positions per population (per 1,000) are used to compare relative staffing levels.

## **FINDINGS**

### **Part One: CAFR Analysis**

Dayton's revenue per capita for total governmental funds ranks in the middle of the range at \$1,280. The average of the other five cities is \$1,268. Dayton's governmental funds revenue meets the average of the other cities in the survey. Governmental funds include the General Fund, special revenue funds, capital project funds, debt service funds, and special assessment funds.

Table 1

*Total Governmental Revenues*

| <b>City</b>     | <b>Population (2000)</b> | <b>Governmental Revenue 2003</b> | <b>Per Capita</b> | <b>Rank</b> |
|-----------------|--------------------------|----------------------------------|-------------------|-------------|
| Akron           | 217,074                  | \$267,395,042                    | \$1,232           | 4           |
| Cincinnati      | 331,285                  | \$556,036,000                    | \$1,678           | 1           |
| Cleveland       | 478,403                  | \$654,452,000                    | \$1,368           | 2           |
| Columbus        | 711,470                  | \$820,196,000                    | \$1,153           | 5           |
| Dayton          | 166,179                  | \$212,776,228                    | \$1,280           | 3           |
| Toledo          | 313,619                  | \$285,626,000                    | \$911             | 6           |
| Avg. of Other 5 |                          |                                  | \$1,268           |             |

For total governmental expenditures, Dayton ranks fifth at \$1,319 per capita. The average of the other seven cities is \$1,453. Dayton falls below the average of the other five cities for total governmental expenditures.

Table 2

*Governmental Expenditures*

| <b>City</b>     | <b>Population (2000)</b> | <b>Governmental Expenditures 2003</b> | <b>Per Capita</b> | <b>Rank</b> |
|-----------------|--------------------------|---------------------------------------|-------------------|-------------|
| Akron           | 217,074                  | \$324,808,587                         | \$1,496           | 3           |
| Cincinnati      | 331,285                  | \$636,164,000                         | \$1,920           | 1           |
| Cleveland       | 478,403                  | \$741,234,000                         | \$1,549           | 2           |
| Columbus        | 711,470                  | \$953,778,000                         | \$1,341           | 4           |
| Dayton          | 166,179                  | \$219,165,940                         | \$1,319           | 5           |
| Toledo          | 313,619                  | \$300,681,000                         | \$959             | 6           |
| Avg. of Other 5 |                          |                                       | \$1,453           |             |

To further illustrate the difference in governmental structures, below is a table describing the distribution of income tax for the cities in the survey. Dayton distributes all income tax revenue to the General Fund. Other cities allocate income tax to capital project funds or debt service funds.

Table 3

*Income Tax Distribution of Surveyed Cities*

| <b>City</b> | <b>Rate</b> | <b>Notes</b> |
|-------------|-------------|--------------|
|-------------|-------------|--------------|

|            |       |  |
|------------|-------|--|
| Akron      | 2.00% | General Fund receives 1.46% of the 2.00%, the balance is earmarked for Capital (.54%). An additional .25% income tax levy was passed in November 03, taking effect 1/1/04. The money received from the tax increase will be used as Akron's Public School local share of the Ohio Schools Facilities Commission grant program. 2004 rate, 2.25%. |
| Cincinnati | 2.10% | General Fund receives 1.55% of the 2.1%, the balance is earmarked for infrastructure (.1%), public transit (.3%), and permanent improvement (.15%).  |
| Cleveland  | 2.00% | General Fund receives 1.76% of the 2.0%, the balance is earmarked for debt service or capital improvements.  |
| Columbus   | 2.00% | General Fund receives 1.5% of the 2.0%, the balance is earmarked for debt service.   |
| Dayton     | 2.25% | General Fund receives all 2.25% of the Income Tax.   |
| Toledo     | 2.25% | General Fund receives all 2.25% of the Income Tax, but .5% is transferred to the Capital Improvement Program, after administrative costs.  |

### Part Two: Personnel Costs

The employee portion of pension contributions is sometimes picked-up by the city. Columbus picks up 6.5% of the employee's 8.5% contribution for police and fire employees and the entire 8.5% for AFCME employees (Sanitation Worker). Toledo picks up 5.5% of the employee's 8.5% contribution for all of the classifications included in this study. The pension pick-ups are the only other benefit to be included other than health insurance. The amount is imbedded in the salary number.

When comparing Police Officer positions per capita, Dayton ranks in the middle at 2.094 per 1,000 capita. Columbus has the most Police Officers per 1,000 capita at 2.498.

Dayton ranks in the middle of the range for compensation of a Police Officer at \$59,103. Columbus ranks first with \$68,199.

Table 4  
Police Officer

|                   | <b>Top Salary</b> | <b>Health Insurance</b> | <b>Total Compensation</b> | <b>Rank</b> | <b>Filled Positions 12/31/04</b> | <b>Population</b> | <b>Positions per 1000 Population</b> | <b>Rank</b> |
|-------------------|-------------------|-------------------------|---------------------------|-------------|----------------------------------|-------------------|--------------------------------------|-------------|
| <b>Akron</b>      | \$47,570          | \$8,711                 | \$56,280                  | 5           | 374                              | 217,074           | 1.723                                | 5           |
| <b>Cincinnati</b> | \$51,064          | \$7,001                 | \$58,065                  | 4           | 688                              | 331,285           | 2.077                                | 4           |
| <b>Columbus</b>   | \$60,497          | \$7,702*                | \$68,199                  | 1           | 1,777                            | 711,470           | 2.498                                | 1           |
| <b>Dayton</b>     | \$51,709          | \$7,394                 | \$59,103                  | 3           | 348                              | 166,179           | 2.094                                | 3           |
| <b>Toledo</b>     | \$52,047          | \$7,702*                | \$59,749                  | 2           | 700                              | 313,619           | 2.232                                | 2           |

*\*Columbus and Toledo's health insurance cost is the average of other three.*

When comparing Firefighter positions per capita, Dayton ranks third at 1.336 per 1,000 capita. Columbus has the greatest number Firefighters per 1,000 capita at 2.173.

Dayton ranks third for compensation for Firefighters at \$58,791, compared to other cities in the survey. Toledo ranks first with \$62,462.

Table 5  
Firefighter

|                   | <b>Top Salary</b> | <b>Health Insurance</b> | <b>Total Compensation</b> | <b>Rank</b> | <b>Filled Positions 12/31/04</b> | <b>Population</b> | <b>Positions per 1000 Population</b> | <b>Rank</b> |
|-------------------|-------------------|-------------------------|---------------------------|-------------|----------------------------------|-------------------|--------------------------------------|-------------|
| <b>Akron</b>      | \$48,526          | \$8,711                 | \$57,237                  | 5           | 257                              | 217,074           | 1.184                                | 5           |
| <b>Cincinnati</b> | \$51,760          | \$7,001                 | \$58,761                  | 4           | 404                              | 331,285           | 1.219                                | 4           |
| <b>Columbus</b>   | \$54,051          | \$7,702*                | \$61,753                  | 2           | 1,546                            | 711,470           | 2.173                                | 1           |
| <b>Dayton</b>     | \$51,397          | \$7,394                 | \$58,791                  | 3           | 222                              | 166,179           | 1.336                                | 3           |
| <b>Toledo</b>     | \$54,760          | \$7,702*                | \$62,462                  | 1           | 525                              | 313,619           | 1.674                                | 2           |

*\*Columbus and Toledo's health insurance cost is the average of other three.*

Dayton ranked first in its compensation of Laborers at \$46,540. Cincinnati ranked second at \$39,460.

Table 6  
Laborer

|                   | <b>Top Salary</b>                                 | <b>Health Insurance</b> | <b>Total Compensation</b> | <b>Rank</b> | <b>Filled Positions 12/31/04</b> |
|-------------------|---|-------------------------|---------------------------|-------------|----------------------------------|
| <b>Akron</b>      | \$29,082  | \$8,711                 | \$37,793                  | 4           | 2                                |
| <b>Cincinnati</b> | \$32,459  | \$7,001                 | \$39,460                  | 2           | 96                               |
| <b>Columbus</b>   | \$31,550  | \$7,702*                | \$39,252                  | 3           | 52                               |
| <b>Dayton</b>     | \$39,146  | \$7,394                 | \$46,540                  | 1           | 38                               |
| <b>Toledo</b>     | Toledo does not have a classification of Laborer. |                         |                           |             |                                  |

*\*Columbus and Toledo's health insurance cost is the average of other three.*

Dayton ranks in the middle of the range for Sanitation Workers per capita (per 1,000). Ranking first is Toledo with .52 Sanitation Workers per capita (per 1,000).

Dayton ranked second in its compensation for a Sanitation worker at \$47,580. Columbus ranked first at \$48,911.

Table 7  
Sanitation Worker

|                   | <b>Top Salary</b> | <b>Health Insurance</b> | <b>Total Compensation</b> | <b>Rank</b> | <b>Filled Positions 12/31/04</b> | <b>Population</b> | <b>Positions per 1000 Population</b> | <b>Rank</b> |
|-------------------|-------------------|-------------------------|---------------------------|-------------|----------------------------------|-------------------|--------------------------------------|-------------|
| <b>Akron</b>      | \$32,677          | \$8,711                 | \$41,388                  | 4           | 35                               | 217,074           | 0.161                                | 5           |
| <b>Cincinnati</b> | \$40,372          | \$7,001                 | \$47,373                  | 3           | 60                               | 331,285           | 0.181                                | 4           |
| <b>Columbus</b>   | \$41,209          | \$7,702*                | \$48,911                  | 1           | 182                              | 711,470           | 0.256                                | 2           |
| <b>Dayton</b>     | \$40,186          | \$7,394                 | \$47,580                  | 2           | 37                               | 166,179           | 0.223                                | 3           |
| <b>Toledo</b>     | \$31,582          | \$7,702*                | \$39,284                  | 5           | 163                              | 313,619           | 0.520                                | 1           |

*\*Columbus and Toledo's health insurance cost is the average of other three.*