City of Columbus

Economic Advisory Committee

Report and Recommendations

March 5, 2009

Presented to Mayor Michael B. Coleman
and City Council President Michael Mentel

By:
Robert F. Howarth, Chair
Joe Alutto
Hugh J. Dorrian
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Susan Tomasky
Philip H. Urban
Tiffany White
Walter L. Workman

Signatures of Agreement

We, the undersigned members of the Columbus Economic Advisory Committee, do hereby agree with the following Report and Recommendations, as attested to by our signatures below, and direct that said Report and Recommendations be delivered to Mayor Michael B. Coleman and City Council President, Michael Mentel.

Date: March 5, 2009

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Acknowledgement

The Committee wishes to acknowledge and thank Brad Sprague, Jane Dunham, and Gloria Calcara for their dedicated work, expertise, and assistance in preparing this Report and Recommendations. Each has provided the Committee with a wealth of pertinent information which has facilitated the Committee's work.

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Executive Summary

On March 10, 2008, Mayor Michael Coleman, with the support of City Council President Michael Mentel, and other members of Council, commissioned the Columbus Economic Advisory Committee to analyze the fiscal condition of the City's General Fund. The Mayor charged the Committee with determining whether a structural imbalance exists between the City's revenues and its expenditures. A "structural imbalance" is not a short-term, temporary recessionary event, but rather a long term reality wherein the long term average growth in the City's revenues does not equal the long-term average growth in expenditures needed to sustain an acceptable level of government services. If the Committee found that a structural imbalance exists, the mayor asked the Committee to determine the magnitude of the imbalance and provide him with recommendations that could provide a long-term resolution of the fiscal gap. The Committee did not focus on the short-term issues of balancing the 2009 and 2010 City budgets.

The Mayor, with the support of City Council, appointed 15 members to the Committee who are local economic experts and key community leaders. The Committee limited its focus to the City's General Fund. After presentations by the Auditor's office and the Department of Finance and Management, the Committee quickly concluded that a structural imbalance did indeed exist. Revenue growth, which averaged 6.1 percent per year during the 1990s, slowed from 2001 – 2008, averaging 3.3 percent. If we look only at the General Revenue Fund (excludes the Rainy Day Fund and the 27th Pay Period Fund), those percentages are 6.5 percent revenue growth in the 1990s, shrinking to 2.9 percent from 2001 to 2008. Had revenues continued to grow at the 1990s level, it is estimated that revenues would have been $705 million in 2009. By contrast, revenue receipts are projected to be $602 million in 2009, a difference of more than $100 million.

In response to declining revenues, City administrators have done a very good job managing the City's financial affairs. They have taken a myriad of steps to reduce spending in order to balance the budget each year. The administration has reduced the civilian workforce by 30 percent from 2000 to 2009, primarily through hiring controls, layoffs and a severance program. Employees now bear a greater share of their health insurance costs. The City has reduced funding for public health services, closed recreation centers and pools, and curtailed expenditures on City vehicles, including police cruisers. Where appropriate, operations have been removed from the general fund and made self-sufficient or shifted to other funds. Finally, as part of balancing the 2009 budget, for the first time a police recruit class was laid off but subsequently restored due to the receipt of federal stimulus money.

In spite of these administrative reductions, expenditures continued to rise, primarily due to the rising costs of wages and benefits. From 2001 – 2008, expenditures grew at 3.6%

per year, rising from $520.3 million in 2001[1] to $652 million[2] in 2008. Since revenue is only anticipated to be $602 million in 2009, additional reductions had to be made from 2008 levels in order to balance the 2009 budget. From year to year, in addition to the administrative reductions, the budget gaps have been closed by using cash infusions from the rainy day fund, spending down year-end fund balances and various transfers from other funds.

The Committee estimates that the structural imbalance has resulted in a cumulative shortage of $80 million to $120 million. This estimate is predicated upon annual revenues averaging 1.5% to 3.25% less than would be needed to sustain general fund programs from 2001.

The Committee has compiled a wide variety of options for City leaders to consider in resolving the structural imbalance. The Committee has provided recommendations for further cost savings and efficiencies as well as potential revenue enhancements. The total combination of revenues and efficiencies has the potential over the long term to exceed the structural imbalance range of $80 - $120 million. The Committee took this approach anticipating that certain recommendations will not receive the support of City leaders, unions, and the voting public for a variety of reasons.

Recommendations

The Committee believes that a combination of cost reductions and revenue enhancements should be pursued to resolve the structural imbalance. The following recommendations are designed to be used together to that end.

Cost Savings and Efficiency Options

1. Compensation and Benefits

The City must address personnel costs in order to resolve the structural imbalance.

Personnel costs made up 83 percent[3] ($540.5 million) of general operating fund expenditures in 2008, exclusive of 2008's 27th Pay Period. Personnel expenditures for police and fire comprised 76 percent ($411.0 million) of the $540.5 million spent for personnel. Several factors contribute to the high cost of personnel including:

- The City pays for all or a portion of the employees' contribution to the Public Employees Retirement System (PERS) and the Police and Fire Pension Fund (OPFPF).

[1] 2001 expenditures exclude building services expenditures since they were accounted for in a separate fund from 2002 forward.
[2] Excludes the 27th Pay Period expense
[3] This percentage includes Health and Recreation & Parks personnel, since they are heavily subsidized by the general operating fund.

- City employees have a generous health care benefit package with a relatively low employee monthly premium cost, despite increases over recent years.
- Union contracts for the police and fire employees have provisions that mandate position assignments, wages and overtime payments, sick and injury leave policies, and pay differential for paramedics and fire fighters working a 40-hour workweek, among others that are costly to implement and prohibit management from taking cost savings measures.
- Overtime expenses consistently exceed budgeted levels.

The Committee could not delve into these issues at a great depth due to the limited time for the report, but offers the following recommendations for further study:

- **Conduct an audit of salary and benefits provided to employees**. The audit should analyze pay scales, pension benefits, and health insurance coverage and compare the results to other cities and determine if the City's current compensation package is in line with other cities.

- **Use the information from the salary and benefits audit as a guide when renegotiating labor contracts**. The City should develop compensation strategies and hold firm to those policies during labor negotiations.

- **The practice of paying the employee share of retirement costs cannot continue.** This benefit cost the City's General Fund approximately $29 million in 2008 and contributes significantly to the structural imbalance. The City, through the bargaining process, should try to phase out the current benefit over time, and discontinue the practice for new employees of the City.

- **Revisit overtime policies** and establish new policies that discourage excessive overtime.

- **Offset the cost of employee health care insurance by requiring a higher employee contribution**. This can be approached several ways, including an increase in monthly premiums, higher caps on annual employee out of pocket costs, and higher co-pays for prescription drugs.

2. Agency Recommendations

- **The City should join with other local entities that are engaged in providing access to primary care to determine the appropriate role for the City in the provision of primary care.**

- **Explore additional partnerships between the Department of Recreation & Parks and Franklin County Metro Parks.**

- **Review the fees charged by all City agencies to ensure they are competitive in today's marketplace and fully recover the costs of services. Create new fees for services provided in areas such as food education and license inspections.**

- **Fund economic development and job creation activities as aggressively as possible in order to bring new jobs into Columbus and retain jobs that are already here.**

- **Civilianize the fire alarm office, fire's quartermaster office, and the police technology section.**

- **Evaluate the cost of operation of the Division of Fire**. Pay particular attention to compensation and benefit levels, staffing levels, deployment of staff, and response protocols (Advanced Life Support vs. Basic Life Support approach). Determine ways to reduce costs without reducing response time, outcome performance or the safety of fire fighters.

- **Review the feasibility of merging the City's weights and measures operation with the county weights and measures operation.**

Revenue Options

1. Income Tax

The Committee recommends an increase in the City income tax rate in a range from 0.25 percent to 0.5 percent and finds that it is a necessary component part to eliminating the structural imbalance. Whether or not a quarter of those increased revenues should be deposited to the Special Income Tax Fund may depend upon the size of the tax increase sought and a City determination of the adequacy of capital improvements funding in comparison to the need to address the structural imbalance in the General Fund. This recommendation would generate $48.5-$97 million annually, if the quarter percent set-aside is applied and would cost the average household about $8.83 per month (0.25 percent increase) to $17.67 per month (0.5 percent increase).

2. Refuse Fee

The Committee recommends that the City charge a fee for refuse collection, especially if an income tax increase cannot be accomplished. This would generate $34 - $46 million annually and would cost citizens $12.19 - $18.24 per month, depending on the implementation approach.

The City should pursue a city-wide recycling program separate and apart from the refuse fee.

3. Property Tax

The Committee does not recommend that the City seek an increase in property tax millage at this time. This would generate $16 million per mill annually if enacted. After review of the advantages, disadvantages, and cost impact to homeowners, the Committee determined that a property tax should not be pursued at this time. Local school districts and County agencies rely heavily on property tax levies as their primary source of local funding. The City historically has not competed against the school districts for voter support. In addition, property taxes are regressive taxes that place a burden on residents with fixed income and are not based on "ability to pay".

4. Photo Red Light Cameras

The Committee recommends that the City expand the use of photo red light technology. This recommendation would generate up to $3.9 million annually. There are essentially three components to red light camera implementation, all of which should be implemented. First, increase the number of photo red light cameras mounted at strategic intersections in Columbus. Second, add speed detection to all red light cameras. Third, add speed detection vans at reduced speed zones around schools.

Rainy Day Fund

The Committee recommends that the City consider whether the current rainy day fund percentage of five percent of prior year expenditures is sufficient and recommends that replenishing the fund be a top priority.

Other Revenue Options Considered

1. Admissions Tax

The Committee does not recommend imposing an admissions tax on the price of admissions to places of amusement or entertainment. The tax is generally charged as a percentage of the cost of entrance to entertainment events such as movies, theme parks, and professional sports. This tax is estimated to generate about $2 - $6 million annually. A tax applied within a specific benefit zone was not considered by the Committee.

2. Rental Car Tax

The Committee does not recommend imposing a daily rental car tax for non-residents who purchase short-term car rentals. A $10 per transaction fee would add 6.3 percent to the average transaction and produce $6 million in revenue annually. The car rental tax was pursued in 2002 and was rejected overwhelmingly by the voters by referendum, so that any new tax would again have to be submitted to voters. Additionally, Columbus already has a relatively high bed tax, and the addition of a car rental tax could add to the perception that Columbus is an expensive city to visit, negatively affecting the number of visitors to the City.

3. Commercial Parking Tax

The Committee does not recommend the implementation of a commercial parking tax in the downtown area. The Ohio Revised Code provides authority for cities to assess a commercial parking tax on privately-owned parking spaces. The tax can be implemented in two ways: a flat fee levied on each space, or as a percentage of the operator's revenues. It is estimated that this tax would bring in new revenues of $2 - $6 million annually. A commercial parking tax applied downtown would discourage citizens from coming downtown for recreation and shopping. A parking tax goes against the City's efforts to revitalize downtown and discourages downtown development.

4. Special Assessments

The Committee does not recommend the implementation of Special Assessments to offset the costs of providing certain City services. The Committee discovered that the vast number of services eligible for such funding are not supported by the City's General Fund, and therefore were not considered for inclusion in the report.

These recommendations represent the major recommendations of the Committee. Additional smaller recommendations are included in the body of the report.

Section I

Introduction and Overview

Introduction

Mission & Charter

On March 10, 2008, Mayor Michael Coleman, with the support of City Council President Michael Mentel, and other members of Council, commissioned the Columbus Economic Advisory Committee to analyze the fiscal future of the City of Columbus. The Mayor charged the Committee with determining if an inherent structural imbalance[1] exists within the general operating fund between its revenue and its expenditures. Specifically, the Committee was tasked with determining if annual increases in revenues will keep pace with annual increases in expenditures. If the Committee found that there was indeed a structural imbalance between the two, the Mayor asked that the Committee present recommendations for long-term solutions to the structural imbalance. In light of this mission, the Committee did not focus on the short-term issues of balancing the budget in 2009 or 2010, but rather focused on revenues and expenditures covering the next decade.

Mayor Coleman, with the support of City Council, appointed 15 members to the Economic Advisory Committee, each bringing a unique set of skills and expertise to the Committee. The 15 members are: **Robert F. Howarth** (Chair), Attorney, Shoemaker & Howarth, LLP; **Joe Alutto**, VP and Provost, The Ohio State University, Office of Academic Affairs; **Kevin Boyce**, President Pro Tem, Columbus City Council[2]; **Hugh Dorrian**, Auditor, City of Columbus; **Chris Gawronski**, Treasurer, Clintonville Area Commission; **Eddie Harrell, Jr**., President, Columbus Urban League; **Jessie Hemphill**, CPA, Hemphill and Associates; **Carl Kohrt**, President and CEO, Battelle[3]; **Bill LaFayette**, VP Economic Analysis, Columbus Chamber of Commerce; **Barbara Poppe**, Executive Director, Community Shelter Board; **Joel Taylor**, Director, Columbus Department of Finance and Management; **Susan Tomasky**, President, AEP Transmission; **Philip Urban**, President and CEO, Grange Insurance Companies; **Tiffany White**, Chairperson, North Central Area Commission, and **Walt Workman**[4], Executive Director, Central Ohio Labor Council, AFL-CIO. Brad Sprague, consultant and president of PRISM Municipal Advisors, provided valued assistance to the Committee in the areas of municipal finance and economics.

Specifically, Mayor Coleman's charge to the Committee was to:

- determine if a structural imbalance exists,
- if a structural imbalance was found to exist, determine the magnitude of the gap between revenues and expenditures, and
- provide recommendations for long-term solutions to correct the imbalance.

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[1] A "structural imbalance" is not a short-term, temporary recessionary event, but rather a long term reality wherein the long term average growth in the City's revenues does not equal the long-term average growth in expenditures needed to sustain an acceptable level of government services.
[2] Councilman Boyce resigned from the committee upon his appointment as Treasurer, State of Ohio.
[3] Attended one meeting, but due to professional circumstances, was unable to continue to serve on the committee.
[4] Replaced Darrell Gammell who was unable to continue to serve on the committee.

Mayor Coleman indicated that the Committee should focus on the operations and expenditures of the General Fund. The Committee should determine where additional revenue could be generated and/or where expenditures could be reduced. The Mayor asked the Committee to thoroughly consider all options including new or increased taxes and fees. The Mayor asked that the Committee prepare a report and analysis of its findings in March 2009.

Meeting Schedule and Content

The Economic Advisory Committee held its first meeting on April 5, 2008 and met monthly through November 2008, with the exception of October. The purpose of the early meetings was to educate the Committee on the structure of City finances, to provide an overview of the current economic situation in Columbus, to decide whether a structural imbalance existed and, if so, determine the magnitude of the imbalance. By early May, the Committee reached the conclusion that a structural imbalance did exist within the City.

The Committee received presentations from several City departments receiving General Fund operating monies. These agencies were asked to describe their mission and purpose, the amount of funding they receive (in total and from the General Fund), how their funding has changed since 2001, and how funding limitations in recent years have affected their ability to provide City services. Agencies were also asked to identify areas where funding could be reduced or eliminated and/or additional revenue could be generated. Departments presenting to the Committee were: Public Health, Recreation and Parks, Finance and Management, Development, Human Resources, Public Safety, and Public Service. Although not a City agency, the Solid Waste Authority of Central Ohio (SWACO) made a presentation to the Committee in light of the relationship between refuse collection services, which the City provides, and refuse transfer and disposal, which are performed by SWACO.

A full meeting was devoted to an explanation of City employee pay and benefits, including overviews of the collective bargaining process, the City's compensation philosophy and strategy, how the City's benefits compare to other public and private entities and the options for buy-outs and early retirement.

After these presentations, the Committee began meeting more frequently. The Committee held five meetings between December 2008 and February 2009 to review the information it had received and formulate recommendations for long term solutions to remedy the structural imbalance it had earlier identified. A public hearing was held on January 21, 2009 to solicit public input. This report provides recommendations based on information received from the monthly Committee meetings.

Economic Environment

Current Conditions

The grim state of the national economy is having a widespread negative impact on private and public sector industries and on personal finances.[5] In November 2008, the National Bureau of Economic Research announced that the nation had been in a recession since December 2007. U.S. employment declined in each succeeding month; by January 2009, the national economy had lost 3.6 million jobs, with half of those jobs disappearing between November and January. The last six months of 2008 also saw the stock market hit record lows, gasoline prices tumble from more than $4.00 per gallon to less than $1.50 per gallon, the Detroit-based automakers on the verge of demise, and massive numbers of mortgage failures and resulting strains on the financial system that required billions in government stabilization funds. Cities, large and small alike, are suffering from the economic downturn. They are finding themselves with lower than projected revenues resulting in funding gaps that require them to re-think not only how they do business, but what services they should continue to offer.

Initial indications are that the Columbus Metropolitan Statistical Area (MSA – Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union Counties) fared better than average in 2008. Initial estimates from the U.S. Bureau of Labor Statistics (BLS) show that Columbus MSA employment grew by 5,800 jobs during the year (0.6 percent), compared to a year-over-year Ohio employment loss of 0.4 percent and 0.3 percent nationwide. Local employment increased in most months prior to September, but declined in each of the following months – a decline that cost the region 10,000 jobs.

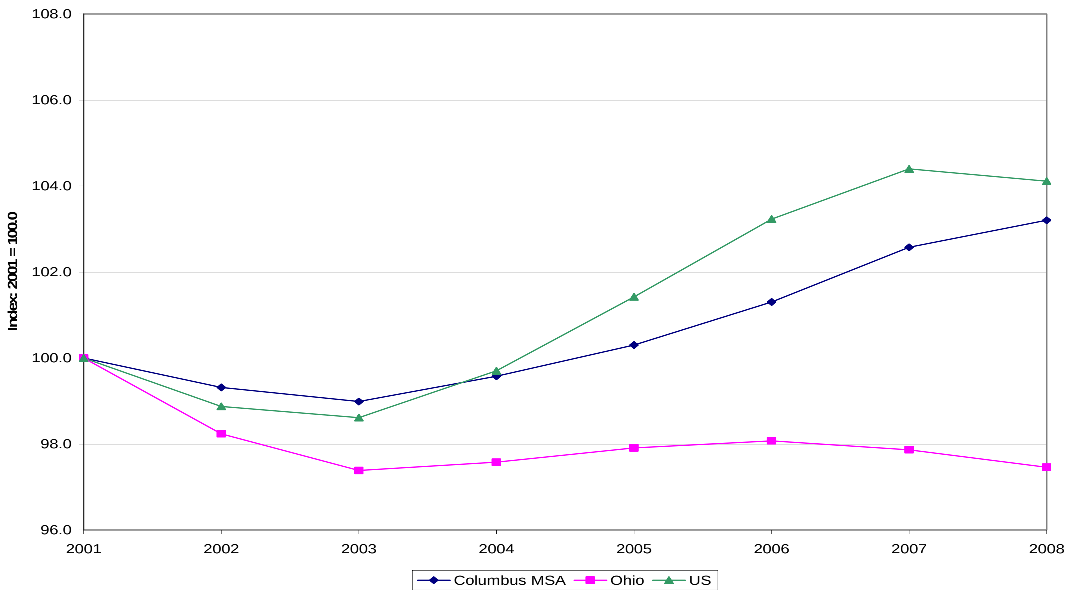
This employment trend is preliminary, however. BLS issues a comprehensive revision of the prior year's employment for all metropolitan areas each March. These revisions can be significant: the March 2008 revision increased 2007 employment from a gain of 4,600 jobs (0.5 percent) to a gain of 11,700 (1.4 percent). Other data sources suggest that the revisions to be issued in March 2009 will reduce 2008 estimates, implying that 2008 growth was weaker than 0.6 percent.

Despite the favorable trend for 2008, Columbus MSA employment never recovered from the 2001 recession to the same extent as did that of other regions. Figure 1 shows the employment trend on an index basis since 2001. The MSA did about as badly as average during the recession and the year and a half of continued employment stagnation that followed; the MSA and the nation each lost about 2 percent during that period. But between mid-2003 and the December 2007 peak, the nation's employment grew 6.4 percent, while the MSA's grew only 4 percent. The key reason for this underperformance is the sharp contraction of the Columbus MSA retail sector after 15 years of overexpansion. MSA retailers shed 24,500 jobs (18 percent) between the end of 2000 and the end of 2006. This correction restored employment to more reasonable

[5] The 'Economic Environment' section of this report was authored by Bill LaFayette, Columbus Chamber of Commerce.

levels, however, and the MSA retail employment trend was basically flat before succumbing to the recession during 2008.

Figure 1
Columbus MSA, Ohio, and U.S. Employment Growth



U.S. and Regional Prospects for 2009

It is likely that the nation will continue in recession during the first half of 2009. The *Wall Street Journal's* monthly poll of economic forecasters for January 2009 projected an annualized decline in Gross Domestic Product (GDP) of 4.6 percent in the first quarter of 2009 which would be the sharpest quarterly decline in 26 years. The consensus predicts a 1.5 percent decline in the second quarter, with modest output growth beginning in the third quarter. This implies a recession that is serious but not catastrophic. The peak-to-trough GDP decline implied by this forecast is worse than the recessions of 2001 and 1990-1991, but not as bad as the recessions of 1973-1975 or 1981-1982. There is considerable uncertainty surrounding this forecast, however. Other problems could develop, including a second wave of housing foreclosures as house values continue to decline and jobs disappear; widespread defaults in credit card and student loan debt; a failure of a major bank; and the potential failure of one or more of the Detroit automakers.

Employment is likely to decline throughout 2009 even if the recovery begins at mid-year. The consensus of the *Wall Street Journal* poll is that the U.S. will lose an average of 183,000 jobs per month, with far sharper declines earlier in the year, and an unemployment rate of 8.8 percent by December 2009. The 183,000 job per month loss implies a decline for the year of 2.0 percent.

The Columbus Chamber's 2009 *Blue Chip Economic Forecast* predicts a decline of 3,100 jobs (0.3 percent) for the year in the Columbus MSA. There is considerable variation in the individual forecasts that underlie this consensus, however; individual forecasts range from a gain of 2,500 jobs to a loss of 9,000. The largest numerical losses are expected to occur in retail (2,100 positions), manufacturing (1,600), government (1,500), and construction (1,200). In contrast, private education and healthcare should gain 2,700 jobs, while transportation and utilities, business services, and leisure should gain several hundred jobs each.

Employment within the City of Columbus

The Ohio Labor Market Information Bureau (Ohio LMI) has begun to provide limited statistics on employment, wages, and the number of establishments within the City of Columbus. These statistics are extracted from quarterly ES-202 reports collected by Ohio LMI from employers of workers covered by state unemployment insurance and federal workers covered by the Unemployment Compensation for Federal Employees program. The result, called the Quarterly Census of Employment and Wages, is a near-total census of employment, accounting for 98 percent of all workers.[6] These statistics have traditionally been available at the national, state, and county level. Ohio LMI geocodes the reports by location, allowing the reports of employers within the boundaries of Columbus to be identified.[7] Columbus and Cleveland are the only two cities for which these estimates are available. Three years of data are now available for Columbus (2005-2007);[8] while six years are available for Cleveland.

While these statistics are important because they represent the only measure of employment by sector within the City, they have two major weaknesses. First, they are not especially timely: the most recent data are for the first quarter of 2007. Second, they are only available for the first quarter. First-quarter employment in some sectors, such as retail and transportation, is generally below the annual average following post-holiday layoffs. Although education employment in particular is above its annual average, total employment is cyclically low, and the first-quarter sector composition is unrepresentative of the typical composition during the year. One implication is that because retail is underrepresented, the negative impact of retail job losses on the City's overall economy is almost certainly understated. Despite these drawbacks, comparing City employment to the first quarter regional average gives insight.

Figure 2 shows first-quarter City and MSA employment by sector between the first quarters of 2005 and 2007. The most striking fact revealed in Figure 2 is that total MSA employment has steadily risen while total City employment has steadily declined. This trend is brought into sharp relief in Figures 3 and 4, which translate the employment

[6] See the Bureau of Labor Statistics website http://www.bls.gov/cew/home.htm for further details.

[7] It is possible that employers within the city could have workers with job sites outside the city (or vice versa), so the count is not exact.

[8] Ohio LMI privately produced Columbus data back to 2001 for a consultant working for the Economic Development Department. Analysis of these earlier data suggest that they are inconsistent with the data later issued publicly.

totals into percentage and numerical changes, respectively. While total regional employment increased 17,115 (2.0 percent), total City employment declined 12,619 (2.8 percent). No sector and only two subsectors – private-sector education services and state government – had employment growth significantly better at the City level than at the regional level. The City's performance was particularly disappointing in two of the best-performing sectors at the regional level, transportation and warehousing and professional and business services.

Figure 2
Total City and MSA employment, 2005-2007 (first quarter)

	First Quarter					
	City of Columbus			Columbus MSA		
Sector	2005	2006	2007	2005	2006	2007
Construction and mining	**15,682**	**15,616**	**14,545**	**36,969**	**37,638**	**36,277**
Manufacturing	**28,716**	**28,219**	**27,678**	**78,738**	**77,761**	**76,893**
Wholesale trade	**17,081**	**16,630**	**15,851**	**34,643**	**35,084**	**35,306**
Retail trade	**49,614**	**48,711**	**46,183**	**106,636**	**103,058**	**100,775**
Transportation and utilities	**19,943**	**21,160**	**20,162**	**39,237**	**42,590**	**46,996**
Transportation and warehousing	18,616	19,816	18,797	36,192	39,478	43,686
Utilities	1,327	1,344	1,365	3,045	3,112	3,310
Information	**10,374**	**10,097**	**9,469**	**19,006**	**18,683**	**18,474**
Financial activities	**33,109**	**33,010**	**32,038**	**70,069**	**70,985**	**71,708**
Finance and insurance	24,654	24,727	23,763	55,213	56,160	57,190
Real estate and rental & leasing	8,455	8,283	8,275	14,856	14,825	14,518
Professional and business svcs.	**74,420**	**73,210**	**72,660**	**132,599**	**136,209**	**140,419**
Professional and technical svcs.	29,496	30,393	31,142	53,216	55,226	58,783
Mgt. of companies & enterprises	11,045	10,893	10,959	18,715	19,100	20,453
Administrative and waste svcs.	33,879	31,924	30,559	60,668	61,883	61,183
Education and health services	**58,822**	**60,520**	**61,164**	**100,570**	**104,447**	**105,830**
Education services	6,214	6,815	7,269	11,978	12,876	13,440
Healthcare & social assistance	52,608	53,705	53,895	88,592	91,571	92,390
Leisure and hospitality	**43,761**	**43,221**	**42,893**	**83,738**	**84,809**	**85,366**
Arts, entertainment & recreation	4,217	3,770	4,106	8,734	8,526	8,839
Accommodation and food svcs.	39,544	39,451	38,787	75,004	76,283	76,527
Other services	15,005	14,066	14,134	27,455	27,555	27,319
Government	84,126	84,207	81,257	146,433	147,660	147,918
Federal government	4,364	4,076	4,015	12,839	12,788	13,041
State government	47,796	47,964	49,402	54,310	54,494	55,961
Local government	31,966	32,167	27,840	79,284	80,378	78,916
TOTAL	**450,653**	**448,667**	**438,034**	**876,406**	**886,878**	**893,521**

Source: Ohio Labor Market Information Bureau.

Figure 3
Total City and MSA percentage employment changes, 2005-2007 (first quarter)

	First Quarter					
	2005-2006		2006-2007		2005-2007	
Sector	City	MSA	City	MSA	City	MSA
Construction and mining	-0.4%	1.8%	-6.9%	-3.6%	-7.3%	-1.9%
Manufacturing	-1.7%	-1.2%	-1.9%	-1.1%	-3.6%	-2.3%
Wholesale trade	-2.6%	1.3%	-4.7%	0.6%	-7.2%	1.9%
Retail trade	-1.8%	-3.4%	-5.2%	-2.2%	-6.9%	-5.5%
Transportation and utilities	**6.1%**	**8.5%**	**-4.7%**	**10.3%**	**1.1%**	**19.8%**
Transportation and warehousing	6.4%	9.1%	-5.1%	10.7%	1.0%	20.7%
Utilities	1.3%	2.2%	1.6%	6.4%	2.9%	8.7%
Information	-2.7%	-1.7%	-6.2%	-1.1%	-8.7%	-2.8%
Financial activities	**-0.3%**	**1.3%**	**-2.9%**	**1.0%**	**-3.2%**	**2.3%**
Finance and insurance	0.3%	1.7%	-3.9%	1.8%	-3.6%	3.6%
Real estate and rental & leasing	-2.0%	-0.2%	-0.1%	-2.1%	-2.1%	-2.3%
Professional and business svcs.	**-1.6%**	**2.7%**	**-0.8%**	**3.1%**	**-2.4%**	**5.9%**
Professional and technical svcs.	3.0%	3.8%	2.5%	6.4%	5.6%	10.5%
Mgt. of companies & enterprises	-1.4%	2.1%	0.6%	7.1%	-0.8%	9.3%
Administrative and waste svcs.	-5.8%	2.0%	-4.3%	-1.1%	-9.8%	0.8%
Education and health services	**2.9%**	**3.9%**	**1.1%**	**1.3%**	**4.0%**	**5.2%**
Education services	9.7%	7.5%	6.7%	4.4%	17.0%	12.2%
Healthcare & social assistance	2.1%	3.4%	0.4%	0.9%	2.4%	4.3%
Leisure and hospitality	**-1.2%**	**1.3%**	**-0.8%**	**0.7%**	**-2.0%**	**1.9%**
Arts, entertainment & recreation	-10.6%	-2.4%	8.9%	3.7%	-2.6%	1.2%
Accommodation and food svcs.	-0.2%	1.7%	-1.7%	0.3%	-1.9%	2.0%
Other services	**-6.3%**	**0.4%**	**0.5%**	**-0.9%**	**-5.8%**	**-0.5%**
Government	**0.1%**	**0.8%**	**-3.5%**	**0.2%**	**-3.4%**	**1.0%**
Federal government	-6.6%	-0.4%	-1.5%	2.0%	-8.0%	1.6%
State government	0.4%	0.3%	3.0%	2.7%	3.4%	3.0%
Local government	0.6%	1.4%	-13.5%	-1.8%	-12.9%	-0.5%
TOTAL	**-0.4%**	**1.2%**	**-2.4%**	**0.7%**	**-2.8%**	**2.0%**

Source: Ohio Labor Market Information Bureau.

Figure 4
Total City and MSA numerical employment changes, 2005-2007 (first quarter)

	First Quarter					
	2005-2006		2006-2007		2005-2007	
Sector	City	MSA	City	MSA	City	MSA
Construction and mining	**(66)**	**669**	**(1,071)**	**(1,361)**	**(1,137)**	**(692)**
Manufacturing	**(497)**	**(977)**	**(541)**	**(868)**	**(1,038)**	**(1,845)**
Wholesale trade	**(451)**	**441**	**(779)**	**222**	**(1,230)**	**663**
Retail trade	**(903)**	**(3,578)**	**(2,528)**	**(2,283)**	**(3,431)**	**(5,861)**
Transportation and utilities	**1,217**	**3,353**	**(998)**	**4,406**	**219**	**7,759**
Transportation and warehousing	1,200	3,286	(1,019)	4,208	181	7,494
Utilities	17	67	21	198	38	265
Information	**(277)**	**(323)**	**(628)**	**(209)**	**(905)**	**(532)**
Financial activities	**(99)**	**916**	**(972)**	**723**	**(1,071)**	**1,639**
Finance and insurance	73	947	(964)	1,030	(891)	1,977
Real estate and rental & leasing	(172)	(31)	(8)	(307)	(180)	(338)
Professional and business svcs.	**(1,210)**	**3,610**	**(550)**	**4,210**	**(1,760)**	**7,820**
Professional and technical svcs.	897	2,010	749	3,557	1,646	5,567
Mgt. of companies & enterprises	(152)	385	66	1,353	(86)	1,738
Administrative and waste svcs.	(1,955)	1,215	(1,365)	(700)	(3,320)	515
Education and health services	**1,698**	**3,877**	**644**	**1,383**	**2,342**	**5,260**
Education services	601	898	454	564	1,055	1,462
Healthcare & social assistance	1,097	2,979	190	819	1,287	3,798
Leisure and hospitality	**(540)**	**1,071**	**(328)**	**557**	**(868)**	**1,628**
Arts, entertainment & recreation	(447)	(208)	336	313	(111)	105
Accommodation and food svcs.	(93)	1,279	(664)	244	(757)	1,523
Other services	**(939)**	**100**	**68**	**(236)**	**(871)**	**(136)**
Government	**81**	**1,227**	**(2,950)**	**258**	**(2,869)**	**1,485**
Federal government	(288)	(51)	(61)	253	(349)	202
State government	168	184	1,438	1,467	1,606	1,651
Local government	201	1,094	(4,327)	(1,462)	(4,126)	(368)
TOTAL	**(1,986)**	**10,472**	**(10,633)**	**6,643**	**(12,619)**	**17,115**

Source: Ohio Labor Market Information Bureau.

The Ohio LMI data also include wages and salaries by sector. Figure 5 shows these totals for the first quarters of 2005 and 2007, with the 2005 totals inflated to 2007 levels (i.e., adjusted for inflation). The next two columns show the annualized average wages per worker in the specific sector. These are computed by dividing the total wages in the first two columns by the corresponding employment totals in Figure 2, and multiplying the result by four to reflect it as an annual total. For several reasons, these results must be interpreted with considerable caution. First, as indicated earlier, first quarter employment in several sectors is typically much lower than its average level for the year, which distorts the annualized average. Because retail employment is particularly low in the first quarter and because the average wage in this sector is much lower than average, the all-sector annualized average is probably overstated. (There is no reason to suspect that the 2005-2007 percentage change is overstated, however.) Second, these first-quarter totals would not include end-of-year bonuses, which can be a significant share of total compensation in some industries. Third, the average in any sector can be dramatically affected either positively or negatively by relatively small changes in the number of high-wage workers. Such changes would not reflect the wage change experienced by the typical worker in the sector. This is the probable explanation for the very large increases in average wage in some sectors.

Figure 5
Columbus total and per-worker average wages in constant (2007) dollars
2005 and 2007 (first quarter)

	First Quarter					
	Total ($000)		Annualized average per worker		Percentage chng., 2005-2007	
Sector	2005	2007	2005	2007	Total	Average
Construction and mining	**193,736**	**180,950**	**49,416**	**49,763**	**-6.6%**	**0.7%**
Manufacturing	**385,216**	**402,683**	**53,659**	**58,195**	**4.5%**	**8.5%**
Wholesale trade	**230,154**	**220,632**	**53,897**	**55,676**	**-4.1%**	**3.3%**
Retail trade	**353,739**	**299,804**	**28,519**	**25,967**	**-15.2%**	**-9.0%**
Transportation and utilities	**242,026**	**293,889**	**48,544**	**58,306**	**21.4%**	**20.1%**
Transportation and warehousing	210,897	245,131	45,315	52,164	16.2%	15.1%
Utilities	31,129	48,758	93,833	142,881	56.6%	52.3%
Information	**159,509**	**156,222**	**61,503**	**65,993**	**-2.1%**	**7.3%**
Financial activities	**670,981**	**713,613**	**81,063**	**89,096**	**6.4%**	**9.9%**
Finance and insurance	593,168	631,111	96,239	106,234	6.4%	10.4%
Real estate and rental & leasing	77,813	82,502	36,813	39,880	6.0%	8.3%
Professional and business svcs.	**930,892**	**1,184,474**	**50,034**	**65,206**	**27.2%**	**30.3%**
Professional and technical svcs.	473,429	568,735	64,202	73,051	20.1%	13.8%
Mgt. of companies & enterprises	249,780	389,654	90,459	142,222	56.0%	57.2%
Administrative and waste svcs.	207,683	226,085	24,521	29,593	8.9%	20.7%
Education and health services	**539,949**	**613,710**	**36,718**	**40,135**	**13.7%**	**9.3%**
Education services	45,430	62,274	29,243	34,268	37.1%	17.2%
Healthcare & social assistance	494,520	551,436	37,600	40,927	11.5%	8.8%
Leisure and hospitality	**170,428**	**196,049**	**15,578**	**18,283**	**15.0%**	**17.4%**
Arts, entertainment & recreation	20,649	37,828	19,586	36,851	83.2%	88.2%
Accommodation and food svcs.	149,779	158,221	15,151	16,317	5.6%	7.7%
Other services	**117,829**	**113,118**	**31,410**	**32,013**	**-4.0%**	**1.9%**
Government	**921,374**	**967,529**	**43,809**	**47,628**	**5.0%**	**8.7%**
Federal government	66,157	63,562	60,639	63,325	-3.9%	4.4%
State government	489,241	609,294	40,944	49,334	24.5%	20.5%
Local government	365,976	294,673	45,796	42,338	-19.5%	-7.6%
TOTAL	**4,915,833**	**5,342,672**	**43,633**	**48,788**	**8.7%**	**11.8%**

Source: Ohio Labor Market Information Bureau.

These wage data can be compared to those for the MSA, but because there is less available detail in the MSA data, some sectors in the City data must be aggregated. Figure 6 compares total wages for Columbus and the MSA in 2005 and 2007, while

Figure 7 presents per-worker averages. Given the stronger job growth outside of the City, it is not surprising that total wage growth for the MSA is greater than that for Columbus. But the difference between wage growth at the City and MSA level is far less than what one would expect given the substantial difference in employment growth over this period. While Columbus employment declined from 51.4 percent of MSA employment in 2005 to 49.0 percent in 2007, the decline in the City's share of MSA wages was much smaller: 54.6 percent to 53.3 percent. As Figure 7 shows, the per-worker average wage was higher within Columbus (8.6 percent higher in 2007) and the gap widened between 2005 and 2007. (The cautions raised above regarding these average wages bear reemphasizing, however.)

Figure 6
City and MSA total wages in constant (2007) dollars, 2005 and 2007 (first quarter)

	First Quarter totals ($000)					
	City		MSA		Percentage chng., 2005-2007	
Sector	2005	2007	2005	2007	City	MSA
Construction and mining	193,736	180,950	386,877	391,022	-6.6%	1.1%
Manufacturing	385,216	402,683	1,010,501	1,030,172	4.5%	1.9%
Trade, trans. & utilities	825,919	814,325	1,631,027	1,754,323	-1.4%	7.6%
Information	159,509	156,222	286,365	292,882	-2.1%	2.3%
Financial activities	670,981	713,613	1,155,680	1,245,869	6.4%	7.8%
Professional & business svcs.	930,892	1,184,474	1,607,701	2,053,728	27.2%	27.7%
Education & health services	539,949	613,710	876,500	995,923	13.7%	13.6%
Leisure and hospitality	170,428	196,049	304,017	342,495	15.0%	12.7%
Other services	117,829	113,118	194,602	196,902	-4.0%	1.2%
Government	**921,374**	**967,529**	**1,547,327**	**1,728,132**	**5.0%**	**11.7%**
Federal Government	66,157	63,562	187,312	185,778	-3.9%	-0.8%
State Government	489,241	609,294	559,088	689,731	24.5%	23.4%
Local Government	365,976	294,673	800,928	852,623	-19.5%	6.5%
Total	**4,915,833**	**5,342,672**	**9,002,842**	**10,032,997**	**8.7%**	**11.4%**

Figure 7
City and MSA per-worker average wages in constant (2007) dollars, 2005 and 2007 (first quarter)

	First Quarter per-worker averages ($000)					
	City		MSA		Percentage chng., 2005-2007	
Sector	2005	2007	2005	2007	City	MSA
Construction and mining	49,416	49,763	41,860	43,115	0.7%	3.0%
Manufacturing	53,659	58,195	51,335	53,590	8.5%	4.4%
Trade, trans. & utilities	38,132	39,628	36,141	38,330	3.9%	6.1%
Information	61,503	65,993	60,268	63,415	7.3%	5.2%
Financial activities	81,063	89,096	65,974	69,497	9.9%	5.3%
Professional & business svcs.	50,034	65,206	48,498	58,503	30.3%	20.6%
Education & health services	36,718	40,135	34,861	37,642	9.3%	8.0%
Leisure and hospitality	15,578	18,283	14,522	16,048	17.4%	10.5%
Other services	31,410	32,013	28,352	28,830	1.9%	1.7%
Government	**43,809**	**47,628**	**42,267**	**46,732**	**8.7%**	**10.6%**
Federal Government	60,639	63,325	58,357	56,983	4.4%	-2.4%
State Government	40,944	49,334	41,178	49,301	20.5%	19.7%
Local Government	45,796	42,338	40,408	43,217	-7.6%	7.0%
Total	**43,633**	**48,788**	**41,105**	**44,927**	**11.8%**	**9.3%**

Figure 8 takes a longer-term view by comparing the growth of the income underlying Columbus tax receipts with that of other municipalities within the region since 1991. This is calculated by dividing each municipality's annual income tax receipts by that year's income tax rate. (This automatically adjusts for changes in tax rates.) The table generally excludes the many villages with income tax both because these are small within the overall scope of regional tax collections and because the stability of their receipts over time is much more affected by late collection of tax receipts. Several villages with particularly large implied incomes are included, however: Canal Winchester, Groveport, New Albany, Powell, and West Jefferson. The regional total includes all municipalities, both cities and villages, with an income tax in place in 1991. As Figure 8 shows, Columbus wage growth was far stronger than the rest of the region in 1991-1995 (89.4 percent vs. 39.5 percent) and Columbus ranked 4th out of the 25 municipalities in terms of percentage growth. Although wage growth in Columbus was still stronger than average in 1996-2000, the difference narrowed sharply, and the City's rank dropped to 11th. Growth between 2001 and 2006 was less than half that of the other municipalities, earning Columbus a rank of 19.

Figure 8
Income Growth in Columbus MSA Municipalities Implied by Income Tax Receipts
Not adjusted for inflation

Municipality	Percentage growth			Percentage growth rank		
	91-95	96-00	01-06	91-95	96-00	01-06
Bexley	18.9%	-2.6%	13.1%	23	24	17
Canal Winchester	44.2%	13.1%	29.0%	10	21	9
Circleville	325.6%	189.4%	25.9%	1	1	11
Columbus	**89.4%**	**43.4%**	**8.9%**	**4**	**11**	**19**
Delaware	30.5%	110.9%	12.0%	17	2	18
Dublin	34.3%	-14.9%	37.6%	13	25	7
Gahanna	58.6%	72.7%	33.4%	7	5	8
Grandview Heights	40.7%	25.3%	-15.5%	11	17	25
Grove City	25.3%	37.5%	44.2%	21	12	5
Groveport	92.8%	71.8%	61.3%	3	6	2
Heath	34.1%	20.0%	0.8%	14	18	23
Hilliard	40.6%	83.2%	46.1%	12	4	4
Lancaster	25.6%	100.1%	1.2%	20	3	22
London	0.2%	18.1%	2.1%	25	20	21
Marysville	70.1%	67.6%	25.7%	5	7	12
New Albany	51.1%	25.3%	73.7%	9	16	1
Newark	27.3%	31.3%	14.2%	19	14	16
Pickerington	64.1%	44.8%	41.7%	6	10	6
Powell	95.1%	36.7%	58.1%	2	13	3
Reynoldsburg	18.8%	11.7%	3.5%	24	22	20
Upper Arlington	56.9%	66.6%	18.9%	8	8	15
West Jefferson	21.2%	28.9%	21.9%	22	15	13
Westerville	27.7%	-0.3%	26.7%	18	23	10
Whitehall	32.1%	19.8%	20.0%	16	19	14
Worthington	32.1%	48.6%	-3.3%	15	9	24
Region	**31.5%**	**34.0%**	**18.0%**			
Region excluding Columbus	**39.5%**	**38.6%**	**23.8%**			

Source: Calculated from Ohio Department of Taxation data.

Finally, Figure 9 returns to the Ohio LMI data to compare relative sector employment concentrations for the City to those for the MSA. The relative concentration – often called the "location quotient" – is the percentage of total local employment in a given sector divided by percentage of total national employment in that sector. If this is greater than one, the sector has a higher-than average representation in the local economy, and inversely. Sectors with an especially high relative concentration are those that are most important in causing local employment growth to differ from the national average. Thus, differences in location quotients between the City and the MSA might suggest reasons for the relatively weak job growth within the City. These differences are not great, however; the dominant sectors of Columbus are generally the same as those of the MSA. A far higher concentration of state government employment yields a somewhat higher concentration of overall government employment, despite a far lower concentration of federal and local-level employment. A higher concentration of corporate managing office employment leads to a somewhat higher concentration of professional and business service employment. The other services sector is also more highly concentrated within the City. This sector consists primarily of personal and repair services and business, social, and religious organizations. Transportation and utilities employment is somewhat less concentrated, as is manufacturing employment. But generally, the differences in economic structure are not dramatic and certainly do not explain the significant difference between City and regional economic performance.

Figure 9
City of Columbus and Columbus MSA Relative Employment Concentrations

	First Quarter relative concentrations (location quotients)					
	City of Columbus			Columbus MSA		
Sector	2005	2006	2007	2005	2006	2007
Construction and mining	**0.544**	**0.521**	**0.500**	**0.660**	**0.635**	**0.611**
Manufacturing	**0.582**	**0.588**	**0.609**	**0.820**	**0.820**	**0.829**
Wholesale trade	**0.863**	**0.842**	**0.816**	**0.901**	**0.898**	**0.891**
Retail trade	**0.952**	**0.946**	**0.922**	**1.052**	**1.013**	**0.986**
Transportation and utilities	**1.246**	**1.327**	**1.285**	**1.260**	**1.351**	**1.468**
Transportation and warehousing	1.321	1.406	1.352	1.321	1.417	1.540
Utilities	0.691	0.725	0.763	0.816	0.849	0.906
Information	**0.975**	**0.977**	**0.958**	**0.919**	**0.915**	**0.916**
Financial activities	**1.198**	**1.199**	**1.200**	**1.304**	**1.304**	**1.317**
Finance and insurance	1.208	1.215	1.204	1.391	1.395	1.420
Real estate and rental and leasing	1.173	1.153	1.189	1.059	1.044	1.023
Professional and business svcs.	**1.304**	**1.263**	**1.267**	**1.195**	**1.189**	**1.200**
Professional and technical svcs.	1.209	1.220	1.251	1.121	1.122	1.157
Mgt. of companies & enterprises	1.826	1.798	1.827	1.591	1.595	1.672
Administrative and waste services	1.272	1.183	1.155	1.172	1.160	1.134
Education and health services	**1.033**	**1.061**	**1.082**	**0.909**	**0.926**	**0.918**
Education services	0.829	0.904	0.968	0.822	0.864	0.878
Health care and social assistance	1.064	1.085	1.099	0.922	0.936	0.924
Leisure and hospitality	**1.033**	**1.021**	**1.025**	**1.016**	**1.014**	**1.000**
Arts, entertainment & recreation	0.728	0.653	0.717	0.775	0.747	0.757
Accommodation and food svcs.	1.081	1.079	1.074	1.054	1.056	1.039
Other services	**1.011**	**0.962**	**0.988**	**0.951**	**0.954**	**0.936**
Government	**1.134**	**1.156**	**1.146**	**1.015**	**1.025**	**1.023**
Federal government	0.459	0.440	0.450	0.695	0.699	0.717
State government	3.025	3.090	3.269	1.767	1.776	1.815
Local government	0.654	0.669	0.594	0.834	0.846	0.826
TOTAL	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**

This lengthy analysis begs two important questions. Why has the City underperformed the MSA, and can anything be done to improve the City's employment growth? Part of the City's struggles may be due to the continuing spread of regional population into outlying counties. While Columbus and Franklin County have grown far faster than the central cities and counties of other large Midwestern MSAs, outlying counties have claimed more of this growth. Between 2000 and 2006, the share of total MSA population outside Columbus grew from 55.9 percent to 57.5 percent, while the share in counties other than Franklin grew from 33.7 percent to 36.5 percent. Median incomes are also generally higher outside Columbus. Businesses serving and employing the population of outlying areas have located or relocated to take advantage of both the growing density and often lower real estate costs outside of Columbus.

While the Columbus Department of Development can point to a number of successes in attracting, relocating and expanding companies, these attractions help only at the margin. A general rule of thumb is that 60 to 80 percent of all employment growth within a given area is due to the growth of existing companies. The Development Department should thus expand business retention efforts by reaching out to existing employers to determine any barriers to their success and gain insight into what they need to grow and thrive within Columbus.

The Regional Economy in the Longer Term

An important question is how the Columbus economy is likely to change over the coming years. In general, it is likely that the key industry sectors ten years from now are likely to be largely the same as they are today. There were four major economic development studies done on the Central Ohio region between 1993 and 2005.[9] A major focus of these studies was determining the "driver" sectors of the region. Driver sectors are those with a higher-than-average concentration of employment, output, or both that is growing faster than average. The high concentration of activity and high growth are evidence that the region's resources and assets make these industries more successful here than elsewhere. Another characteristic of drivers is that they are "export industries." Because their output is larger than can be consumed within the region, a substantial share must go outside the region. Thus, they create a net inflow of dollars to the region, which is the only way that households incomes and living standards can rise.

These four studies took different approaches and were done under different economic conditions, but each arrived at almost exactly the same answer. This result really is not surprising: industries that are successful within a region usually have some type of synergy with the assets and resources of the region; these do not change significantly over time. The key drivers of the Columbus economy are the following:

- Logistics and distribution.
- Manufacturing (automobiles and parts, plastics, chemicals and pharmaceuticals, food and beverages, and nonmetallic mineral products).
- Business services (information technology, marketing, design, and retail support).

[9] Growth Strategies Organization, "Greater Columbus Economic Development Strategy," November 1993; Collaborative Economics (Doug Henton), "Regional Economic Strategy for Greater Columbus," August 2001; Deloitte Consulting and Cleveland State University, "Industry-Based Competitive Strategies for Ohio: Managing Three Portfolios," May 2005; and Monitor Group, "CompeteColumbus," May 2005.

- Creative industries (arts, entertainment, and tourism).
- Finance and insurance.
- Life sciences and healthcare.

With the exception of logistics and distribution, which became a driver only in the middle to late 1990s, each of these sectors has a long-standing prominence in the regional economy, so it is reasonable to expect that this prominence will continue into the foreseeable future.

The most important way that the region's economy is likely to change is in the composition of its workforce. Much has been written about the ongoing aging of the U.S. population, thanks largely to the graying of the baby boomers. Although the Columbus MSA population is (and should remain) significantly younger than average, the region will also feel this impact. Analysis of the impact suggests that it may lead to recurring revenue-expenditure imbalances for Columbus and other Ohio municipal governments if they continue to rely on payroll taxes as a primary source of funding.

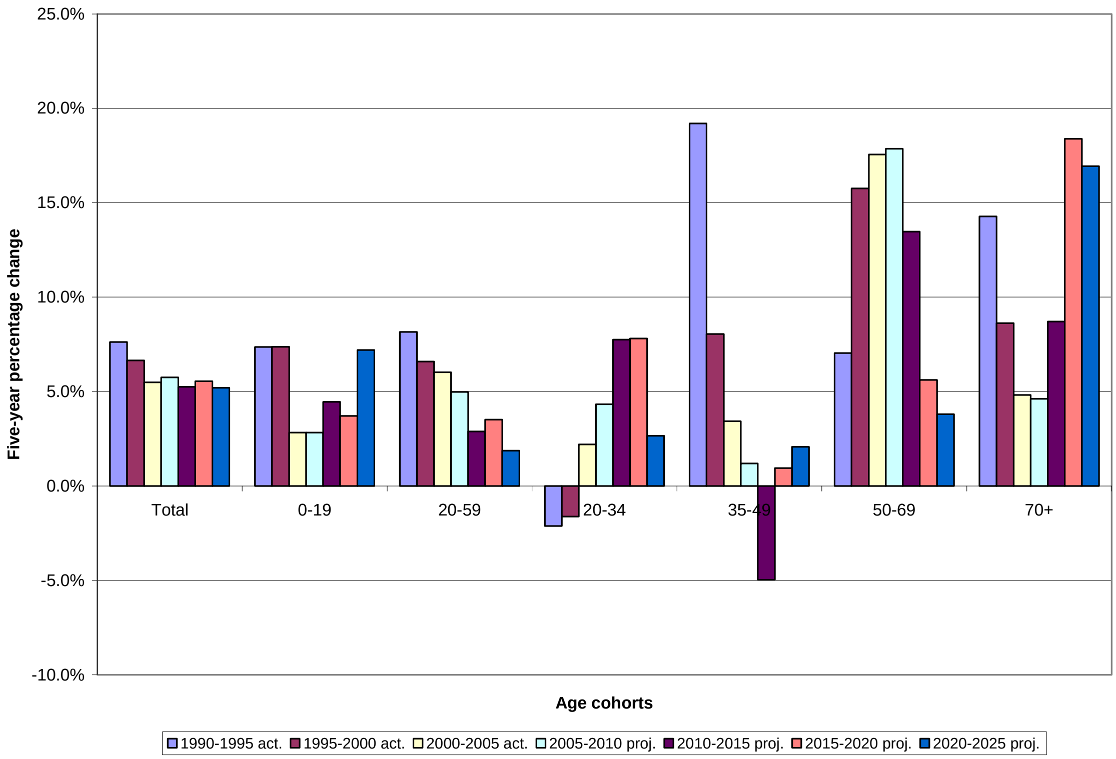
The Columbus MSA as a whole has enjoyed relatively robust population growth so far this decade. The region's population has increased by more than 140,000 people since 2000, and stood at 1.75 million in July 2007. Growth in coming decades is expected to continue at a similar rate. County and age-specific population projections by the Office of Policy Research and Strategic Planning of the Ohio Department of Development[10] imply that the region's population will continue to grow by approximately one percent per year through 2030, the same growth rate as between 2000 and 2007. This will result in a regional population of more than 2.2 million by 2030, representing growth of more than 27 percent from the current total.

But as Figure 10 makes clear, there will be substantial differences in the growth of individual age cohorts over this period. Specifically, the growth of the working-age population will slow dramatically. One of the age groups featured in Figure 10 is the 20 to 59 cohort. This can be considered the prime working-age population. Although the working-age population is formally defined as the total population 16 years and older (with no upper bound), the percentage of the total population younger than 20 and older than 59 participating in the workforce is substantially lower than that of the 20 to 59 group. Between 2000 and 2005, the prime working-age population grew 6.0 percent. Projected growth between 2005 and 2010 is slightly slower: 5.0 percent. But growth will slow dramatically in subsequent years: 2.9 percent between 2010 and 2015 and 3.5 percent between 2015 and 2020. Projected growth during the following five years is only 1.9 percent, less than one-third the growth that we saw during the first half of this decade. Not until 2025 will we see labor force growth approaching that which we are currently enjoying.[11]

[10] Available at http://www.odod.state.oh.us/research/files/p200.htm.

[11] This growth rate decline may be offset somewhat by workers delaying their retirement. The impact would not be nearly great enough to reverse the overall trend, however. A two percentage-point increase in labor force participation rates after 2010 for those 60 to 75 increases the labor force by only 6,000 to 10,000 over the period.

Figure 10
Age-Specific Population Growth Projections for the Columbus MSA to 2030



The remaining cohorts in Figure 10 are segments within the working-age population and also the senior population (which is largely out of the workforce). Particularly notable is the change within the 35 to 49 age group, which will experience a decline of 20,000 (5.0 percent) between 2010 and 2015 followed by an increase of less than 4,000 during the subsequent five years. This will be a noticeable drain on the regional labor pool: these are experienced workers who are generally not yet thinking about retirement. They are also experienced business owners and rising civic leadership. Coupled with the acceleration of growth in the younger and older groups, this suggests that the regional workforce will include more young, inexperienced workers, more workers nearing retirement, and fewer in the middle.

These trends have serious implications for the ability of Columbus to raise revenue from taxing wage and salary income over the long term. Even in the likely event that workers retire later in coming years than they do now, the proportion of residents generating income tax revenue for Columbus will be lower, and the proportion of young and retired residents not generating revenue but needing City services will be higher. Meanwhile, the slower growth of the working-age population will make it harder to find qualified workers, and will thus increase the price of labor. Industries both locally and nationwide are likely to respond in the same way that manufacturing already has: they will shift their emphasis from labor to capital and hire fewer people. Meanwhile, a larger proportion of the City's population will consist of younger and older individuals, who are not in the labor force but still have a need for City services.

The ultimate implication of these trends is that the City's current revenue imbalance will not be solved over the long term simply by increasing the tax rate on wage and salary income and/or reducing expenditures. That imbalance will return and intensify as these demographic trends play out. Further, this problem will not be unique to Columbus; it will confront every municipality in Ohio and in other states in which payroll taxes are a dominant source of revenue. A possible long-term solution to the problem would be to broaden the types of income that are taxed, and possibly include some sort of gross receipts or value-added tax on businesses. This will clearly require legislative action at the state level, so it may be wise to start thinking about these possibilities now.

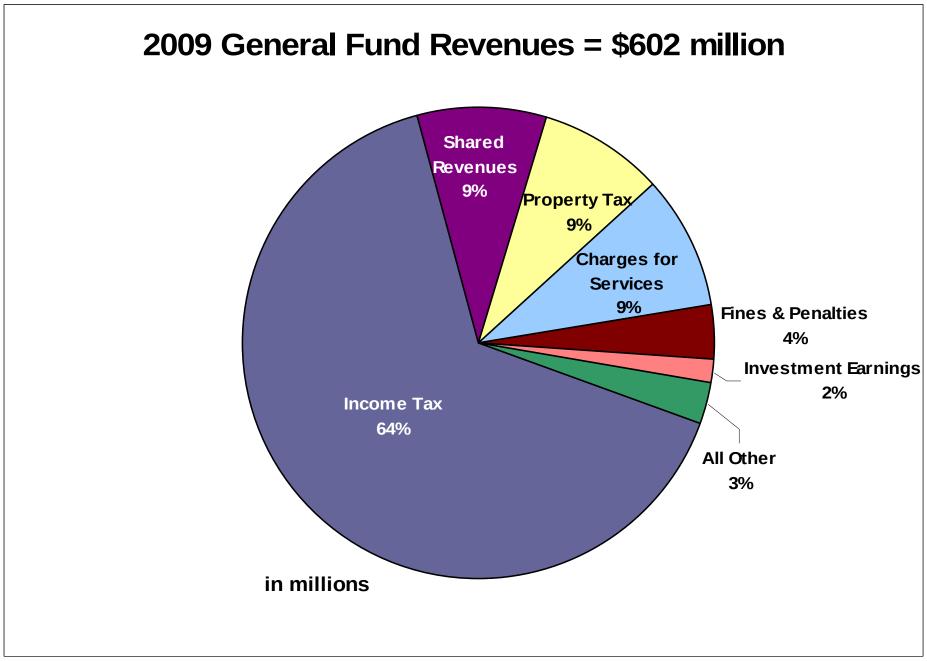
Revenues and Expenditures

General Fund Revenue

The General Fund provides financial support for the City's basic services. The primary source of revenue to the General Fund is the income tax. In 2009, it is projected that 64 percent of funds deposited into the General Fund will be from income taxes. The next largest source of funds (9 percent) is state shared revenue, which is comprised of local government funds passed on to the City from the State and county, estate taxes, and liquor permit fees. Funds received from charges for services are the next largest source of revenue deposited into the General Fund, at 9 percent of total General Fund revenue. Examples of these charges include pro-rata charges (an administrative service charge on enterprise and other funds for services performed by administrative divisions), emergency medical services fees, and various parking fees. The next largest source of General Fund revenue is the property tax, which is projected to comprise 8.6 percent of General Fund revenue in 2009.

Investment earnings are projected to comprise 1.5 percent of the revenue deposits in 2009, while payments for fines, forfeitures and penalties, and license and permit fees are expected to comprise 4 percent. Figure 11 shows the proportion of revenues and the projected revenue deposits, by source for 2009.

Figure 11



Historically, the City of Columbus has experienced some level of revenue growth in the General Fund. During the 1990's, revenue deposits into the General Fund grew at an average of 6.1 percent annually. However, since the beginning of 2000, revenue growth has not been as strong, experiencing an average annual growth of only 3.3 percent from 2001 to 2008. If we look only at the general operating fund (excludes the rainy day fund and the 27th pay period fund), those percentages are 6.5 percent revenue growth in the 1990s, shrinking to 2.9 percent from 2001 – 2008. From 2001 to 2003, general operating fund revenues declined from $520.7[12] million to $499.7 million, a 4 percent loss. This decline in revenue is attributed to the national recession, the effects of which lasted through 2003. The recession slowed the growth in income tax revenues for both business and individual withholdings. Property tax receipts held steady during 2001 and 2002 and then saw growth in 2003 due to the mid-cycle reassessment. Shared revenue receipts from the state and county stagnated during this period as state budget difficulties caused a freeze on these revenues, with the City receiving about $47 million per year from 2002-2006, after a high of $51 million in 2001.

Again, looking just at the general operating fund, from 2005 to 2007, revenue receipts recovered, with growth of 8.8 percent and 5.6 percent, respectively, although income tax growth remained at historic lows with the exception of 2006. Income tax receipts increased by 3.7 percent in 2005, 6.6 percent in 2006, and 3.9 percent in 2007. Property tax collections experienced a 12.3 percent increase in 2006 due to the six-year re-appraisal. Investment earnings grew from $10.2 million in 2005 to $30.9 million in 2007.

[12] 2001 revenue excludes building services revenue since that revenue was accounted for in a separate fund from 2002 forward.

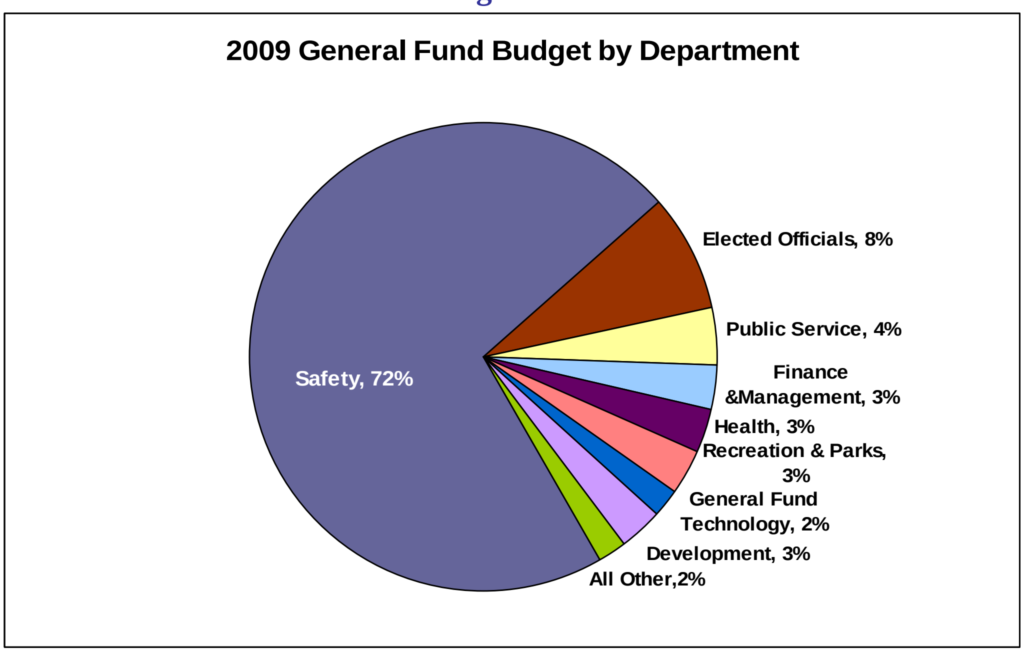
Beginning in 2008, revenues again began to taper off as a result of the national recession. 2008 general operating fund revenues increased only 1.4 percent over 2007 receipts. Revenue for 2009 is currently projected to decline by four percent from 2008 levels. Income tax is projected to increase by only 0.5 percent and property tax by 0.1 percent. Major revenue declines are projected in shared revenues, which are expected to lag 2008 revenues by $4.5 million, and in investment earnings, which will fall by almost $16 million.

Throughout this period, the City continued to examine ways to increase revenues. A third party EMS charge was implemented in 2002 (as a result of a recommendation made by the Mayor's first Economic Advisory Committee report in 2001), parking ticket fines and towing fees were increased in late 2008, municipal court costs were increased in 2005, and fire prevention fees went up in 2007. Boat dock fees, adult sports charges, and recreation facility rentals will be increased in 2009, as will food service inspection fees. A car rental tax, expected to generate $6 million per year was pursued in 2002, but was rejected by the voters by referendum. A detailed list of fees and charges and the date of the last increase are included as Appendix A.

General Fund Expenditures

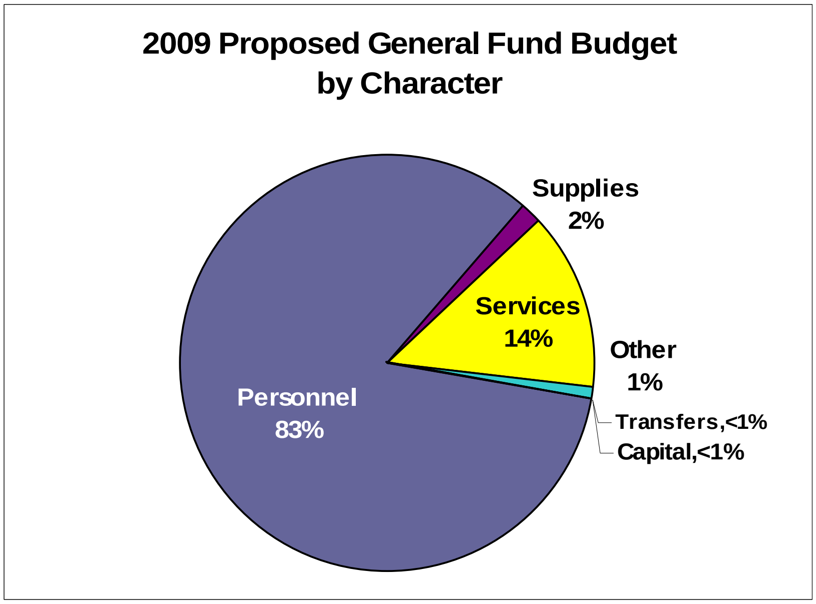
Figure 12 illustrates the 2009 General Fund budget by department. As can be seen, spending on Public Safety is far and away the largest General Fund expenditure, at 72 percent of the total.

Figure 12



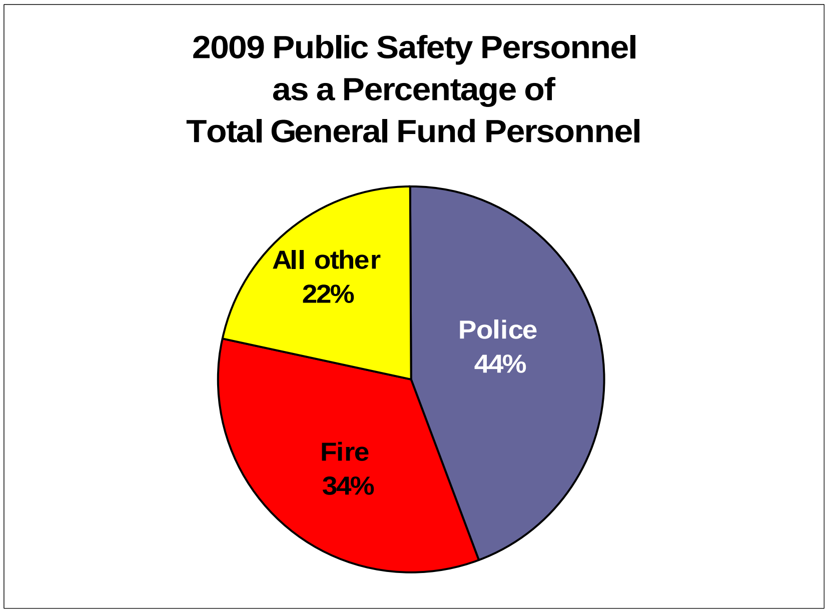
In 2009, personnel costs will comprise 83 percent of all general operating fund expenditures (Figure 13). Non-unionized employees in those departments controlled by the administration make up less than five percent of General Fund employees. The remaining 95 percent of employees are covered by one of the City's six unions. Terms of pay and fringe benefits for that 95 percent are prescribed in their respective negotiated union contracts, and are not subject to re-negotiation until the contract is set to expire.

Figure 13



A closer look at the personnel expenditures reveals that 78 percent of all personnel expenditures are for the Department of Public Safety. See Figure 14.

Figure 14



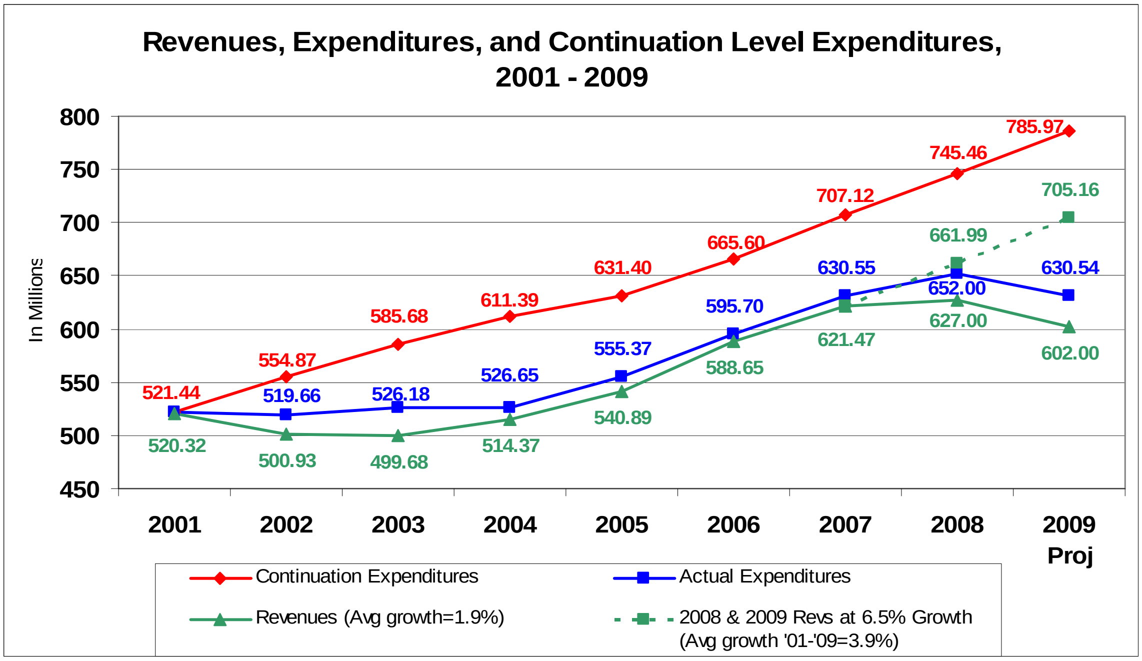
The remaining portion of general operating fund expenditures, after accounting for personnel costs, is about $106.7 million, or 17 percent. Included in this amount are certain mandatory expenditures over which the City has no control. These expenses total almost $19 million, and include the jail contract ($8.6 million), school district revenue sharing ($2.8 million), city-wide utility expenses ($3.2 million), the public defender contract ($1.4 million), and contractual technology licenses and maintenance expenses ($1.5 million). These non-discretionary expenses further limit the administration's ability to reduce spending.

In response to declining revenues, City administrators have done a very good job managing the City's financial affairs. They have taken a myriad of steps to reduce spending in order to balance the budget each year. The administration has reduced the civilian workforce under its purview by 30 percent from 2000 to 2009, primarily through hiring controls, but also through layoffs and a severance program that was offered in 2008. Employees now bear a greater share of their health insurance costs and wage increases have been reduced from those seen in the 1990's. The City has reduced funding to neighborhood health centers, social service agencies, and other outside agencies, and discontinued home health care and hospice services. It has closed recreation centers and pools. Expenditures on City vehicles, including police cruisers, have been severely curtailed. Where appropriate, operations have been removed from the General Fund and made self-sufficient or shifted to other funds. Finally, as part of balancing the 2009 budget, for the first time a police recruit class was laid off, but subsequently restored due to the receipt of federal stimulus money.

General Operating Fund Gap

As Figure 15 displays, despite expenditure reduction and revenue enhancement measures, there have been consistent, large gaps between revenues and expenditures since 2001, when revenues began to falter. These gaps have been exacerbated by recessions beginning in 2001 and late 2007. The gap began at under $1.0 million in 2001 and is projected at $28.5 million in 2009. These gaps have been closed by using cash infusions from the rainy day fund, spending down year-end fund balances and various transfers from other funds.

Figure 15



It is possible that the recession beginning in late 2007 is aberrational, coming so soon after the unusually long post-recession employment decline that ended in the summer of 2003, and reflecting unusual problems in credit and housing areas. Had revenues continued to grow at the same level as in the 1990's (average of 6.5 percent), it is estimated that revenues would have been about $662 million in 2008 and $705 million in 2009, as delineated by the dotted green line. By contrast, actual revenue, which can be seen on the solid green line, was $627 million in 2008 and is projected at $602 million in 2009.

Figure 15 also provides an estimate of the cost of continuing the level of services enjoyed prior to 2002. This estimate is calculated using 2001 expenditures as the base year and inflating those costs by 5.4 percent per year (the percentage increase that would have occurred had the same level of service been continued to be provided in 2002 through 2007 as was provided in 2001). This 5.4 percent composite rate is comprised of negotiated pay increases, escalating employee insurance costs, increased pension contribution rates, general inflation, and an increase in the number of police officers and fire fighters consistent with population growth.

As can be seen, as revenue growth slowed over the period, expenditures had to be reduced in order to stay within available revenue, as required by Ohio law. The administration had limited ability to control expenditure growth given that personnel costs comprise such a large portion of general operating fund spending, and those costs are largely determined by collective bargaining unit contracts. Over time, the gap between revenues and continued service levels has widened. Each year more and more reductions have been made. The City is now at a point of requiring unprecedented sacrifice from our residents. Draconian cuts have been necessary, including layoffs, temporary layoffs, closing recreation centers and pools, reducing and/or eliminating health care services, the near elimination of yard waste pick-up, a reduction in bulk trash pick-up, eliminating police and fire fighter classes to replace retiring sworn staff, and the layoff of a police recruit class that was subsequently restored due to the receipt of federal stimulus money.

Statement of the Structural Imbalance

On December 19, 2008, the Economic Advisory Committee agreed to the following statement outlining the structural imbalance for the next decade.

ECONOMIC ADVISORY COMMITTEE
STRUCTURAL IMBALANCE
Overview Statement

The Economic Advisory Committee ("EAC") was given two charges as it commenced its work last March. First, the EAC was directed to confirm that a structural imbalance exists in the City's General Revenue Fund. If a structural imbalance was found, then the EAC was directed to determine its size and provide recommendations to the Mayor and City Council aimed at eliminating the structural imbalance for the next decade. A "structural imbalance" is not a short-term, temporary recessionary event, but rather a long term reality wherein the long term average growth in the City's revenues does not equal the long-term average growth in expenditures needed to sustain an acceptable level of government services. The EAC quickly concluded that a structural imbalance exists.

The economy of Columbus has worsened since the EAC began its work in March of 2008. The Administration is now estimating current year revenues for 2009 at $615 million, a level which is lower than revenues generated in both 2007 and 2008[13]. The EAC understands that the systemic changes that may be recommended could take years to implement and realize the benefits. The EAC believes that some of the Committee's recommendations could immediately contribute to the lessening of the structural imbalance and, if implemented quickly, could lessen the immediate fiscal crisis.

The imbalance between revenues and expenditures began in 2001. The Department of Finance & Management has provided financial data showing that, beginning in 2001, the cost of providing those services then existing at a "continuation level" exceeded current year revenues every year (Figure 15, page 23). By extrapolating 2001 data, Finance and Management came to the conclusion that the cumulative effect of the structural imbalance could be as large as $170 million in 2009.

The Committee believes that this conclusion may overstate the size of the imbalance that the EAC must address. Since 2001, in an effort to rein in spending and balance the budget on a current year basis, the Administration and City Council implemented a wide array of budget cuts and efficiency measures that enabled the City to continue to provide many vital services at an acceptable level. Some of the budget balancing steps that have been taken since 2001 should be viewed as permanent and, therefore, as already having reduced the magnitude of the structural imbalance that began in 2001. Many of the larger efficiencies were taken into account by Finance & Management when determining the 2001 – 2009 expenditure levels. Other smaller

[13] Subsequent to adoption of this statement, the City Auditor further reduced the estimate to $602 million.

efficiencies associated with lower budget priorities are beyond the scope of this Committee to analyze. It is, however, important to note that most of the budget cuts and efficiencies were absorbed by smaller City departments whose aggregate annual budgets totaled less than $140 million. The Department of Finance & Management believes that it is not likely that the total effect of these cuts would have more than a $25 million annual impact on reducing the structural imbalance. Our charge is to close the remaining gap between anticipated revenues and expenditures.

In addition to cutting expenses and introducing efficiencies, the City, since 2001, has met the remaining imbalances through a series of one-time monetary pick-ups. These one time pick-ups included the transfers to the General Fund of surpluses in the employee benefits fund as a result of lower than projected growth in the cost of those benefits. In addition, temporary financing of the removal of bulk waste from alleys and streets was shifted from the General Fund to a street improvement fund fed primarily by gas taxes. A spend-down of the year-end balances in the General Fund of nearly $40 million, and the use and projected use of over $90 million of rainy day fund monies helped to resolve the remainder of the imbalance. The transfer of rainy day funds was largely possible because of a one-time transfer of $55 million from the Solid Waste Authority of Central Ohio to satisfy part of an outstanding lease obligation. These extraordinary sources of revenue will not continue on regular basis. The EAC believes that ongoing spending should be supported by stable, ongoing sources of revenue. Windfall revenues should be used to rebuild the City's Rainy Day Fund.

It is impossible to precisely fix the size of the structural imbalance over the next ten years. However, the EAC agrees that the cumulative effect of the imbalance ranges between $80 –120 million. The EAC arrived at this estimate as follows.

1) The City began to experience an imbalance between revenues and expenditures after the 2001 recession, and the imbalance has continued into 2009.

2) If we use actual general operating fund revenues received during this time frame, revenue receipts have been, on an annual average, 3.25% less than would have been needed to sustain 2001 General Fund programs. This resulted in a projected cumulative shortage of over $170 [14]million by 2009.

3) If, on the other hand, we discount the effect of the current severe recession as an anomaly given an earlier recession just six years prior, and assume that the 2005-2007 revenue growth percentage had continued into 2009, then receipts would have been 1.5%, on an annual average, less than would have been needed to sustain the 2001 General Fund programs. This would result in a cumulative shortage of over $80 million by 2009.

4) If we view the two revenue situations above as representing the extremes, a reasonable estimate of the cumulative shortage might be a range in the middle of these extremes, namely $105 million to $145 million.

5) The EAC believes that the sum of the budget cuts and fiscal restraints implemented by the Mayor and the Finance Department since 2001 have resulted in more efficient management of the City. If, through these changes, there was even a $25 million annual savings to the City in 2009 dollars, the range of the cumulative shortage would be reduced to a range from $80 million to $120 million. This is a fairly aggressive assumption of efficiencies given that the bulk of the reductions over this period of time occurred in City departments

[14] With newest revenue estimate, shortage is nearly $185 million.

other than Public Safety, and their aggregate annual budgets never exceeded $140 million.

As the EAC moves forward, it will attempt to assemble a list of recommendations that exceed the dollar amount that will be necessary to close the structural imbalance. The list will also include recommendations for the restoration of some City services that have been reduced or eliminated due to the effects of the structural imbalance and the downturn in the economy[15], for investments that will result in increased efficiencies, and for the replenishment of the rainy day fund. The EAC will consider "all things on the table". We understand that this means that not all of the recommendations will be politically acceptable or expedient. In our view, the responsibility to accept or reject specific recommendations for political or other reasons lies with the City Administration and City Council. We expect that certain recommendations will not receive support for a variety of valid reasons. This is the very reason that we believe that the total of our recommendations should exceed, by a significant margin, the estimated imbalance.

[15] Due to the breadth of the Committee's mission, recommendations for the restoration of programs are not included in the report.

Section II

Compensation and Benefits

Compensation and Benefits

Personnel costs will make up 83 percent of the expenditures from the general operating fund in 2009. Personnel costs include wages, health benefits, and retirement contributions. The City's and the employees' contributions to health and retirement benefits are outlined in collective bargaining contracts, which cover over 95 percent of City employees. Thus, any changes to benefit levels have to be negotiated through the bargaining process.

The Department of Human Resources monitors wage levels and benefit packages to ensure the City is competitive with other public sector and private sector employers. Information provided to the Committee shows that while the City appears to be competitive in the market for non-uniformed wages, further study is needed. The wages of uniformed employees compare favorably with other like cities and, in fact, may be a bit more generous.

The City participates in two State retirement plans, enrolling employees in the OPERS and OPFPF. Pension plans define the employer and employee contribution rates for participation in the plan. The system allows employers to "pick-up", or pay the employee share, on their behalf. The City pays all or a portion of the employees' share for all of its employees. This benefit cost the City $43 million in 2008 (all funds). This practice is relatively uncommon across the nation for cities of like size.

The City offers health care coverage to all employees. The benefits include medical, prescription drug, dental, and vision coverage. Most city employees pay nine percent of the cost of the plan. Employee contributions to the cost of health insurance have increased gradually since 2001.

The City must address personnel costs in order to resolve the structural imbalance. The Committee recommends that the City employee benefit package be evaluated as described below.

Employee Compensation

The City of Columbus Compensation Policy seeks to promote compensation strategies that maximize the recruitment, performance, development, and retention of quality employees.[16] Studies show that the top five drivers for recruiting and retaining skilled employees are, in order: competitive health care benefits, competitive base pay, work life balance, competitive retirement benefits, and career advancement opportunities.[17]

Salaries

Uniformed Employees

Wages and benefits for Columbus' safety forces are established through the collective bargaining process. Sworn police officers are represented by the Fraternal Order of Police (FOP); sworn fire fighters are represented by the International Association of Fire Fighters (IAFF). The FOP contract is currently being renegotiated, having expired in December 2008. The most recent contract provided annual salary increases of 3 percent for the year ending in December, 2006, 3 percent for the year ending in December, 2007, and 4 percent for the year ending in December, 2008. The IAFF contract is not set to expire until 2010. It contains wage increases of 3 percent in 2007, 3 percent in 2008, and 4 percent in 2009.[18]

As the Figures 16 and 17 below indicate, Columbus police and fire fighter salaries rank near the top when compared to similar cities.[19] Columbus fire fighter pay, when compared to large cities in the U.S, ranked second only to Washington D.C. The average top salary for the cities researched was $55,514 per year. Columbus' top salary was $59,345 per year, a 7 percent difference.

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[16] Compensation Management: Market Analysis at the City of Columbus, presented by Karen Hudson, CCP, Compensation Manager, August 22, 2008

[17] ibid

[18] The IAFF voted in January 2009 to delay the 4% pay increase until further notice to the City.

[19] Department of Finance and Management, Police & Fire Pay Comparison, presented by Joel Taylor, November 21, 2008

Figure 16

Top Fire Fighter Pay Comparison as of 12/31/07		
Rank	**Cities**	**Total Salary**
1	Washington, D.C.	$72,124.80
2	Columbus*	$59,345.21
3	Phoenix	$57,708.00
4	Milwaukee	$57,386.94
5	Toledo*	$56,527.18
6	Cincinnati	$56,559.00
7	Dayton	$56,430.40
8	St. Louis	$54.094.04
9	Pittsburgh	$53,424.66
10	Indianapolis*	$53,118.13
11	Akron	$52,520.00
12	Baltimore	$51,939.00
13	Boston	$51,915.76
14	Cleveland	$51,797.74
15	Memphis	$47,823.24
Average	**$55,514.27**	* Employee share of pension pick-up paid by Employer: Columbus 6.5%, Indianapolis 3%, Toledo 8.5%, Washington DC 10%

Columbus also ranked near the top for police salaries. Of the 12 cities compared, Columbus was 3rd highest for top police officer pay. The average top pay for police for the cities researched was $53,395. Columbus' top pay was $59,289, an 11 percent difference.

Figure 17

Top Police Officer Pay Comparison as of 12/31/07		
Rank	**Cities**	**Total Salary**
1	Washington D.C.	$64,081.00
2	Baltimore	$59,382.00
3	Columbus*	$59,289.01
4	Buffalo	$57,978.00
5	Toledo*	$53,427.19
6	Milwaukee	$52,517.14
7	Pittsburgh	$52,371.07
8	Dayton	$51,708.80
9	Cleveland	$49,332.15
10	Detroit	$47,763.00
11	Akron	$46,633.60
12	Memphis	$46,265.10
Average	**$53,395**	* Employee share of pension pick-up paid by Employer: Columbus 6.5%, Toledo.5%

Another study[20] looked at total costs per resident as compared with the top 25 cities in the United States. See Appendix B. Of the cities compared, Columbus ranked 15th in population. When comparing the Columbus police staffing and expenditures with other cities, Columbus ranked 11th in annual spending per resident ($339.57/resident/year). Columbus police ranked 12th for the ratio of police officers per 1,000 population (2.58 officers per 1,000 residents). It also ranked 12th for the ratio of police officers per square mile (8.49 officers/square mile). Overall, Columbus police fell in the mid-range for all categories indicating that the expenditures and staffing levels seem to be in line with the top 25 cities. It is interesting to note, however, that the top salary for police officers is high compared to the cities surveyed in Figure 17.

When comparing Columbus fire staffing and expenditures with the top 25 U.S. cities, Columbus ranked 3rd in annual spending per resident ($255.70/resident). Columbus ranked 5th in the ratio of Fire/EMS personnel per 1,000 population (2.073 Fire/EMS staff per 1,000 residents). Columbus ranked 11th in the ratio of Fire/EMS staff per square mile (6.828 fire/EMS staff per square mile). Overall, Columbus fire ranked in the top 5 for both the number of fire staff per 1,000 population and in the expenditures per resident. The top salary for fire fighters was also in the top two of the cities surveyed in Figure 16.

Non-uniformed Employees

Non-uniformed employees of the City either belong to one of four unions or fall under the Management Compensation Plan (MCP) which covers non-union employees. The unions covering bargaining unit employees include CMAGE/CWA, AFSCME 1632, AFSCME 2191 (Health Department ASFCME local) or FOP/Ohio Labor Council (OLC). The Department of Human Resources has been proactive in developing a labor market strategy that aligns salaries with like positions in the same geographic area and in both the public and private sector.

In 2004, the CMAGE/CWA pay structure was revised to an open pay range structure. This approach provides more flexibility to establish a starting pay level. It also provides opportunities for salary increases based on performance and longevity. The structure establishes an entry level range, a market range, and a maximum range for each pay grade. The City's compensation policy is to have employees reach the middle range after about seven years of service. As a result of the new pay structure, all classifications are better aligned with the market, pay growth opportunities are increased, and there is a better opportunity to recruit and retain skilled workers.

In 2006, the Department of Human Resources completed a market analysis to check the overall competitiveness of the MCP classifications. The analysis showed that most of the MCP pay grades are competitive with the market, in both the public and private sector. They found that 72 percent of all MCP classifications needed no pay grade change.

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[20] "Comparison of Top 25 Cities – Use of Resources by Police Departments, Department of Finance and Management, February 2009.

The Department is currently working on changes in both AFSCME pay plans. Progress to date includes the creation of a lower "Step A" which provides a lower hire rate. In addition, employees must now move through the pay steps before they become eligible for a merit increase.

Overtime

Overtime costs present issues, especially in the Department of Public Safety. As can be seen in Figure 18 below, during the four years between 2005 and 2008, police overtime expenses increased by 47.5 percent, while fire overtime increased by over 96 percent. Sworn overtime exceeded budgeted levels for both divisions in all four years. In 2008, overtime expenditures exceeded the budgets in the Police and Fire divisions by 55 percent and 110 percent, respectively.

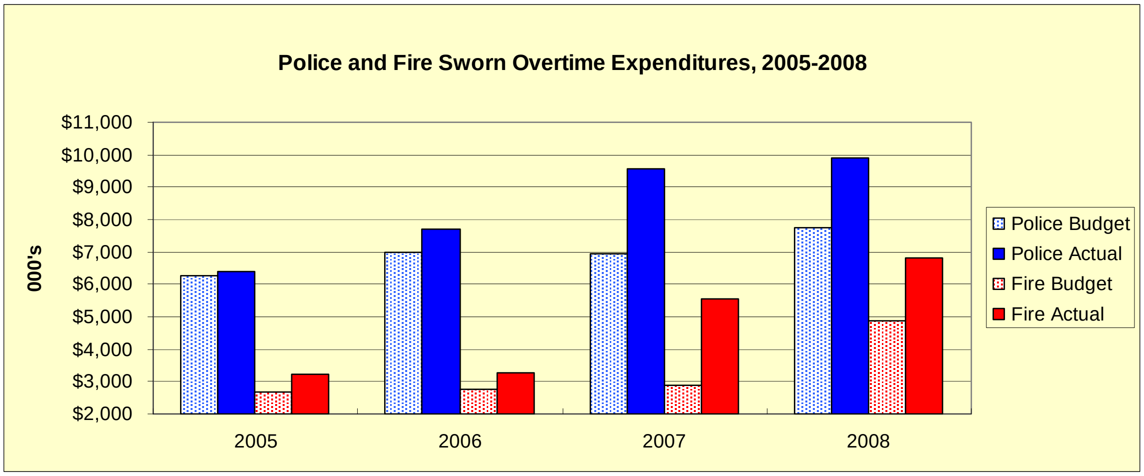
In the Division of Fire, overtime is affected by the number of available paramedics and fire fighters in fire stations. Currently, the division is training additional fire fighters to become certified paramedics, which will have an impact on staffing and overtime in the future. Another factor is that the IAFF contract requires that ranking officers be paid overtime rates when they are called back or scheduled to perform "position for position" duties during the hours of 2000 and 0800.[21] Other reasons for overtime include time away from the station for mandatory training and annual physicals as well as injured personnel and those on light duty.

The reasons for sworn overtime in Police are not as readily identifiable and require more study and conversation in order to it get under control. One factor is the FOP contract provision that a police officer be paid a minimum of four hours of overtime pay for court time. If the case is rescheduled, or has been settled out of court, the officer still must be paid the minimum court pay. This costs the City millions of dollars annually.

Due to the nature of their job duties, it is not realistic to assume that sworn staff will not earn overtime hours. However, the City should look at ways to minimize the number of overtime hours worked.

[21] "Position-for-position" call back means that a ranking officer receives 1 ½ times his salary when he fills in during the shift of the same rank between the hours of 2000 and 0800. The IAFF contract requires that a lieutenant be replaced with a lieutenant, etc

Figure 18



Employee Benefits

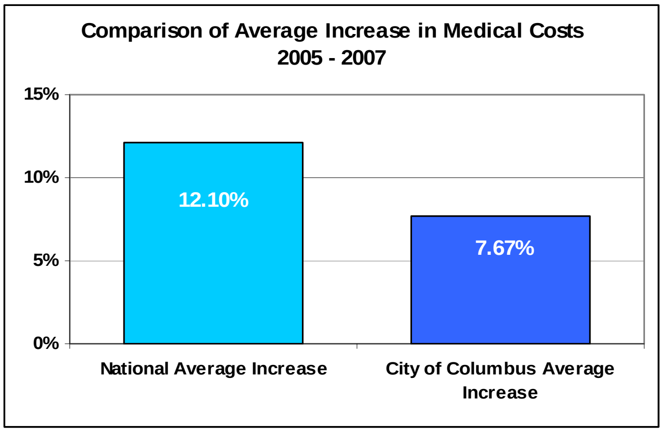
The City of Columbus offers a generous benefits package to its employees. The City's health insurance plan includes medical, prescription drug, dental, vision, life insurance, and COBRA coverage. The City participates in the Ohio Public Employees Retirement System (PERS) and the Ohio Police and Fire Pension Fund and enrolls its employees in the appropriate retirement system.

Health Insurance Coverage

All City employees are enrolled in the same health insurance plan although their specific benefits may differ. The City is self-insured, relying on a trust fund that is funded by both City and employee contributions. The City's Employee Benefits/Risk Management section of the Department of Human Resources contracts with vendors and monitors the performance of the insurance providers. They are proactive in monitoring national trends and disease management protocols in order to reduce health care expenditures.

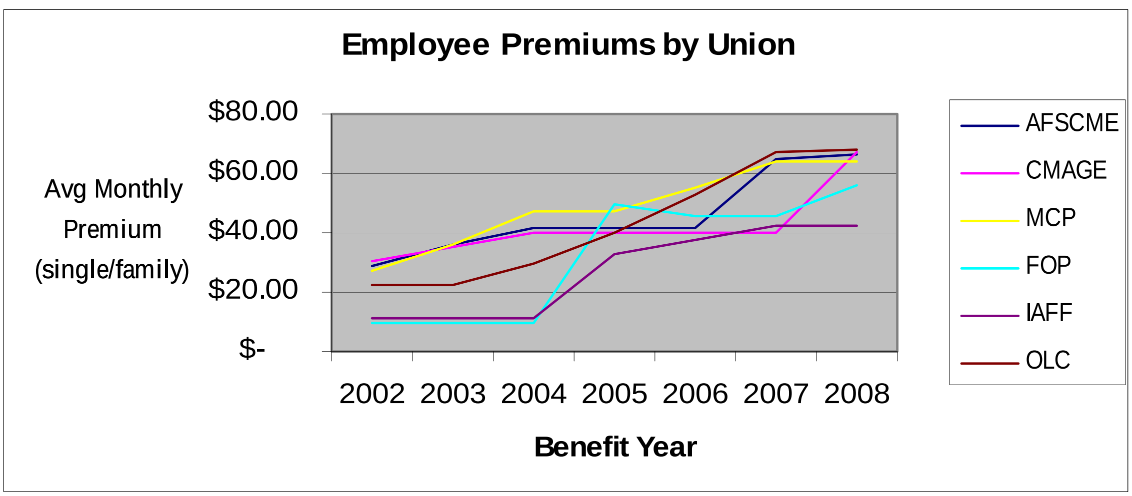
The Health Insurance Trust Fund received revenues of $94.8 million in 2007. Expenditures during the same time period were $88.6 million. The excess of revenues over expenditures is maintained as a cash reserve for catastrophic claims. The City is successful in managing its medical claims such that the City's inflationary increases are below the national average. Between 2005 -2007, the national cost increase average per year was 12.1 percent. The City average was only 7.7 percent. See Figure 19.

Figure 19



The employee insurance contribution rate for the City is relatively low when compared to other public and private sector entities. Employee contributions for health care for the State of Ohio are 15 percent of the premium cost. AON Consulting[22] found that private sector employees pay between 20.9% - 23% of the premium cost for employee-only coverage and between 25% - 33.7% of the premium cost for family coverage. The City has been successful in increasing the employee share of health insurance costs. In 2001, overall employee insurance cost share was less than three percent, when the first Economic Advisory Committee recommended higher premiums. Since that time, the City has negotiated higher employee premiums, and in 2009, all employees with the exception of fire fighters, will pay nine percent of the cost of the plan. See Figure 20.

Figure 20



[22] "City of Columbus Medical/Prescription Drug Benchmarking", prepared by AON Consulting, Spring 2008 for the City of Columbus, Department of Human Resources.

Retirement Benefits

For civilian employees, the City of Columbus participates in the Ohio Public Employees Retirement System (OPERS). OPERS has established its contribution rates for employers at 14 percent of gross wages, and for employees at 10 percent of gross wages.

OPERS allows employers to "pick-up" all or a portion of the employees' share of the contribution rates. These "pick up" plans can be in one of two forms. First, the employer can pay the employee share of the OPERS obligation directly to the fund. This serves to lower the net wages on which employees pay taxes, so they won't be taxed on the contributions until they are withdrawn. Under this first scenario, the employer bears the cost. A second approach is for the employee to pay the contribution, but the employer reduces the employee's taxable earnings by the amount of the retirement contribution, thus deferring tax payments until the retirement funds are withdrawn. Under this second scenario, the employee bears the cost.

In 1984, the City began the practice of "picking-up" the employee's share of the employee contribution rate, which at that time was 8.5 percent. For the next 20 years, the City paid 13.55 percent as the City share as well as 8.5 percent on behalf of the employee. Beginning in 2006, OPERS began a phased-in increase in rates for both employee and employer rates. Those rates are now 10 percent (employee share) and 14 percent (employer share), both of which the City is currently paying.

Uniformed police and fire personnel participate in the Ohio Police and Fire Pension Fund (OPFPF). OPFPF has established its contribution rates at 19.5 percent for the employer share for police officers, 24 percent for the employer share for fire fighters, and 10 percent for the employee share. The City began to pay a portion (5 percent) of the uniformed employee contribution rate in 1982. Over time, that contribution has increased so that the City now pays 7.5 percent of the employee share for police officers and 7.0 percent for fire fighters (due to go up to 7.5 percent June 2009).

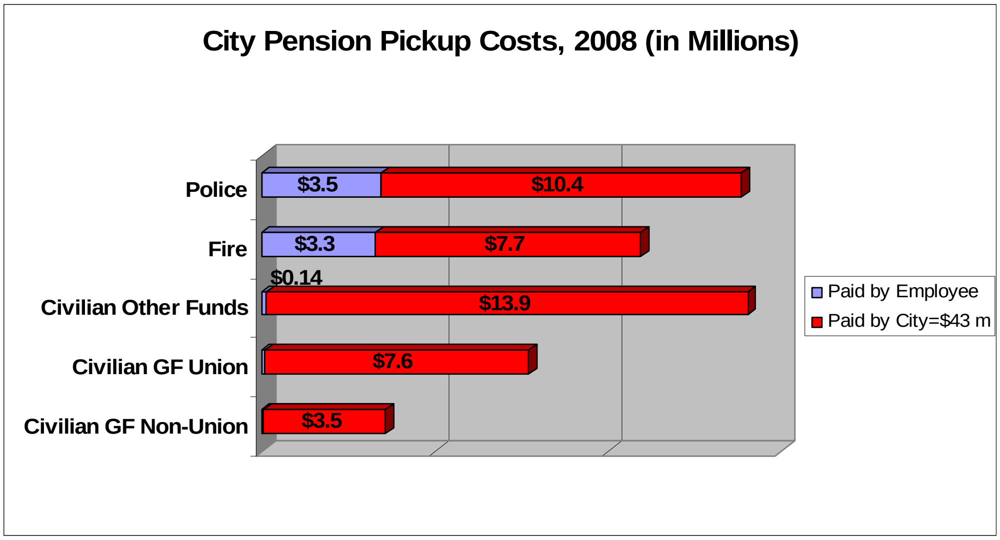
The City is not unique in paying the employee portion of the retirement contribution. Attachment C provides information for employer contributions in Ohio and in other cities similar to Columbus. For non-uniformed employees, the cities of Toledo, Dayton and Youngstown all pay a portion of the employee's share of PERS benefits. Hamilton County, Cuyahoga County, the City of Cincinnati, and the State of Ohio do not pay any portion of the non-uniformed employee share.

For police and fire employees, the City of Toledo is the only other large city in Ohio that picks up a portion of the employee share. Youngstown participates in the employee contribution for the police and fire chiefs only. Cleveland, Dayton, Cincinnati, and Youngstown do not pick up any of the employee's share, but rather offer a pre-tax benefit.

Other states are also varied in their approach to participating in pension pick-ups. San Diego, Detroit and Baltimore pay all or a portion of the civilian employee's share of the retirement contribution. Phoenix and Louisville do not. For police and fire employees, only San Diego participates in the employee pick-up. Baltimore, Louisville, Detroit, Pittsburgh and Phoenix do not pay any portion of the police and fire fighter share. See Attachment D.

The total cost of pension pickup was $43 million for all funds in 2008. This includes $10.4 million on behalf of sworn police officers, $7.7 million on behalf of sworn fire fighters, and $25 million for all other employees. The majority of these payments are now required by the union contracts. The only discretion the City has to reverse this policy is as it regards civilian, non-union employees. Reversing the policy for those employees would save the General Fund $3.5 million per year. See Figure 21.

Figure 21



Sick Leave Reciprocity

As part of efforts to control absenteeism, the City pays employees annually for their unused sick time from the preceding year and/or permits employees to retain sick hours in a sick leave bank for future use in case of an unexpected long-term illness or injury. Currently, all employees have some type of sick leave conversion or sick leave reciprocity benefit. A recent internal report showed that the City's annual cash payout for unused sick leave is an atypical policy among governmental agencies. Only one third of large city governments across the country provide an annual cash payment, in some cases restricted to just Police and Fire. By modifying existing sick leave benefits and cash incentives, the City could save as much as $4.2 million per year.

Collective Bargaining

Many of the issues discussed above are difficult for the City to resolve because they are included in the collective bargaining agreements. Wages, pension pick-ups, health insurance benefits and limits on the employee contribution to the cost of health care are mandated by the bargaining process. This means that changes to these provisions can only be made through the bargaining process.

During difficult fiscal times, however, the cost aspects of the bargaining contracts can be very limiting. Labor contracts define benefits for up to 3 years in the future. While both management and labor bargain in good faith, major catastrophes and the economy can change the fiscal environment quickly. Unfortunately, this is the situation that the City of Columbus faces today. Three years ago, no one would have thought that the stock market would have steep declines causing the City's investment income to be reduced to $9 million, that the local unemployment rate would climb to 6 percent or more causing a decline in income tax revenues, or that foreclosure rates would soar causing a decline in property tax receipts. Add to this the fact that personnel costs comprise 83 percent of all general operating fund spending, leaving management with only 17 percent of the balance to absorb the reduction in revenue.

The City's labor contracts include provisions that have become extraordinarily costly to the City, are not sustainable, and should be reviewed in future negotiations for opportunities to reduce cost.

Recommendations

Conduct an audit of salary and benefits provided to employees. The audit should analyze pay scales, pension benefits, and health insurance coverage and compare the results to other cities to determine if the City's current compensation package is in line with other cities.

Use the information from the salary and benefits audit as a guide when renegotiating labor contracts. The City should develop compensation strategies and hold firm to those policies during labor negotiations.

The practice of paying the employee share of retirement costs cannot continue. This benefit cost the City's General Fund approximately $29 million in 2008 and contributes significantly to the structural imbalance. The City, through the bargaining process, should try to phase out the current benefit over time, and discontinue the practice for new employees of the City.

Revisit overtime policies and establish new policies that discourage excessive overtime.

Offset the cost of employee health care insurance by continuing to increase the employee contribution to the cost of coverage. This can be approached several ways, including an increase in monthly premiums, higher caps on annual employee out of pocket costs, and higher co-pays for prescription drugs. The City should continue its successful strategies for holding down the cost of care, and at the same time reduce operating costs by requiring the employee to share more of the cost burden.

Section III

Cost Savings and Efficiencies

Cost Efficiencies and Spending Reductions For Resolution of the Structural Imbalance

In order to understand the current operations of the City agencies that receive operating dollars from the general operating fund, the Committee asked that each agency provide an overview of its department, mission and services, the amount of general operating funds its receives, and how it has responded to the fiscal restraints that have been placed on the agency. It is clear from these presentations that City administrators have done an admirable job over the past several years maintaining essential city services despite continuing financial challenges.

In 2008, the City spent $652 million from the general operating fund to support City operations and functions. Of that amount, $462.5 million, or 71% was spent for safety operations. It is easy to see that in order to have a measurable impact on savings to the general operating fund, cost efficiencies and savings will need to come from the Safety budget.

In a study of the 25 largest cities in the U.S., the Columbus Division of Police ranked 11th in cost per resident. The Division of Fire ranked 3rd. Some of the factors contributing to the cost of safety services include annual wage increases, pension pick-up costs, and uniform allowances. The Division of Fire uses an advanced life support response protocol in responding to emergencies which requires more staff and more trained paramedics, both of which drive the cost of operations higher.

The remaining General Fund agencies represent only 28% of the general operating fund spending. While there are always ways to gain additional efficiencies, those operational changes will only affect the structural imbalance at the margin.

The Committee urges the City to research ways to realize efficiencies and save money by combining similar functions within the City, or partnering with County and regional agencies. Some examples of services that should be considered for more efficient approaches include combining call centers, outsourcing maintenance services, and pursuing partnerships with the County for recreation, parks, and health services/programs.

Based on the information presented, the Committee has formed several recommendations that will assist City agencies in reducing expenditures.

Department of Public Safety

Overview

The Department of Public Safety manages the operations of the divisions of police and fire, along with their associated support services. The department consumes the largest portion of the City's general operating fund budget. In 2008, the department's expenditures represented 71 percent of general operating fund expenses..

Figure 22

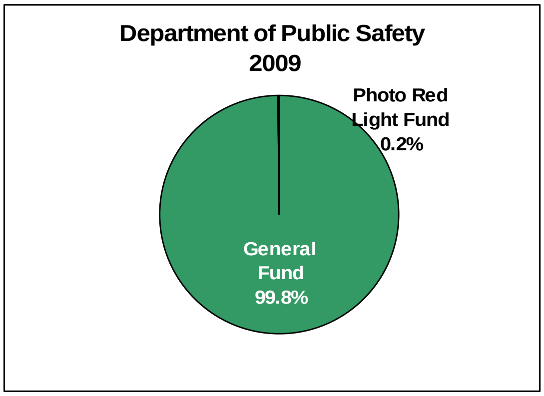
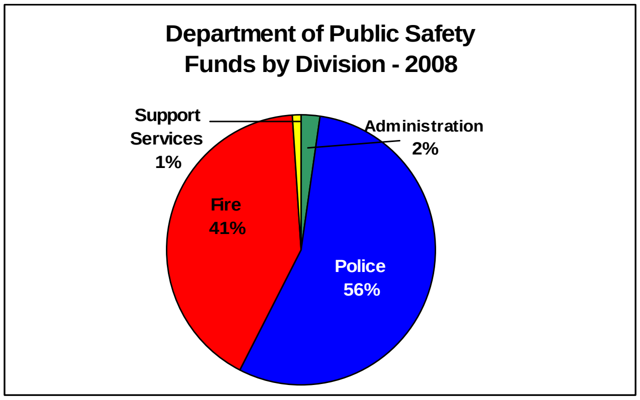


Figure 23



The majority of the department's General Fund expenditures are attributed to personnel costs. In 2008, personnel costs for police and fire constituted 93 percent of its General Fund expenditures.

The **Division of Police** employs 1,915 sworn officers and 334 civilian employees (data as of 9/7/2008). These sworn officers patrol 19 precincts covering 226.9 square miles. The number of sworn officers has increased since 2000, due in large part to a commitment by Mayor Coleman and the Columbus City Council to make the safety forces a priority, especially in light of a growing Columbus population. A 2001 Police Administration Study recommended the 1999 optimum staffing level for police officers in Columbus be 1,914.

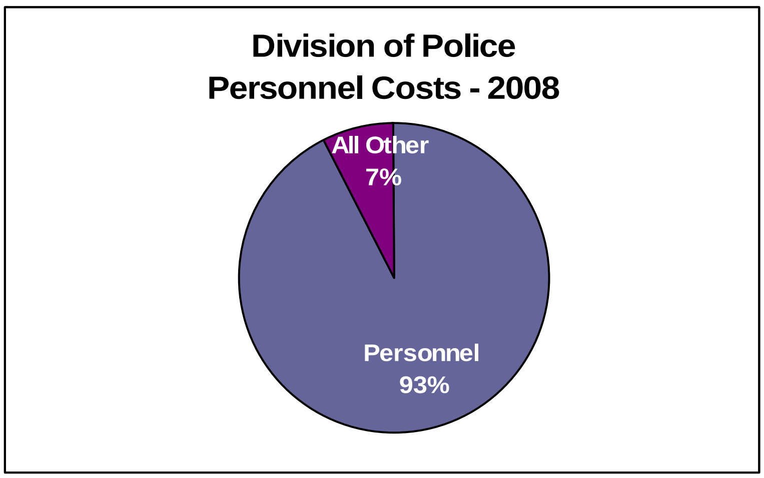
In 2006, Columbus received the *Money Magazine* "2006 Best Place to Live" award naming it the "safest of the nation's 59 biggest cities". The division has earned accreditation from the Commission for Law Enforcement Agencies (CALEA) and the American Society of Crime Laboratory Directors/Laboratory Accreditation Board (ASCLD/LAB) for the division's crime lab. Columbus' crime lab was the first metropolitan city to receive accreditation in the nation.

According to the State of Ohio Office of Criminal Justice Services, there were a total of 58,626 offenses committed in the City during 2007. Larcenies and burglaries made up 45,626 (78 percent) of those offenses. Officers made 3,257 felony arrests during the year and seized over $26 million of drugs. The number of crimes committed in Columbus has declined each year since 2001 when there were 68,547 offenses reported. When compared to other large cities in Ohio, Columbus ranks the lowest in violent crime per capita. At mid-year 2008, there were 56.51 reported violent crimes per 100,000 residents per month and 289.31 property crimes per 100,000 residents per month. Each patrol officer averaged 169 runs per month. Columbus also ranked very low in violent crimes per 100,000 people when compared to cities of comparable size and demographics across the nation.

The Department of Public Safety is responsible for operating a 911 call center to dispatch police cruisers to emergency situations. The call center is staffed by approximately 106 civilian staff. In 2008, 99 percent of all 911 calls were answered within 20 seconds, and 77 percent of all 'priority one' calls were dispatched within 90 seconds.

One of the biggest challenges facing the police division is personnel costs. These costs represent 93 percent of the division's budget. See Figure 24. In 2008, the average annual cost of a police officer (after five years of service) was $113,138. This cost is based on an average base salary of $63,939. The computation includes the pension costs paid by the City ($20,227), insurance ($11,803) and other benefits such as a uniform allowance, service credit, overtime and holiday pay, and shift differential. Many of these benefits are mandated in the Fraternal Order of Police (FOP) union contract that covers all sworn officers, including annual wage increases of 3-4 percent each year, court pay, pension pick up costs, shift differential, and a uniform allowance.

Figure 24



Appendix B shows the results of a comparison of the police departments in the top 25 most populous cities in the U.S. Columbus is the 15th most populous city of those researched. The City has a population of 747,755 and covers 227 square miles. The City employs 2,297 people (1,927 sworn officers and 370 civilians) and has a ratio of 8.49

police officers per square mile. The Division had an annual budget of $253.9 million in 2008 which equates to about $339.57 per resident per year.

By comparison, Austin, Texas, which is similar in size to Columbus, spends about $295.62 per resident for police services. Their police division employs 2,127 people (1,515 sworn officers and 612 civilians) and has a ratio of 5.57 police officers per square mile. The total budget for the Austin police department is $219.7 million in 2007/2008, which was about $33 million less than Columbus.

Indianapolis, Indiana is also similar in size and population to Columbus. The Indianapolis police department employs 2,145 people (1,740 officers and 405 civilians and has a ratio of 4.81 officers per square mile. They had an annual budget in 2008 of $207 million, which is about $47 million less than Columbus. Their per resident cost was about $260.19.

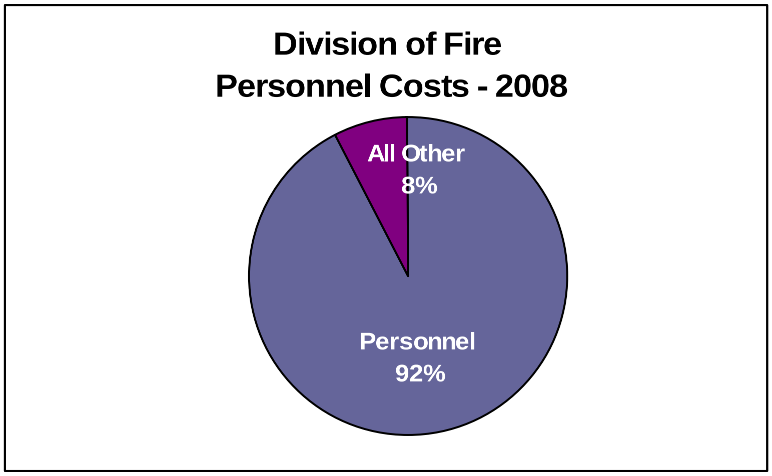
The **Division of Fire** employs 1,529 sworn fire fighters and 48 civilian employees (data as of 9/7/2008). There are 32 fire stations in the City divided into seven districts. The seven districts contain 34 engine companies, 15 ladder companies, 32 medical transport vehicles, and five heavy rescue trucks. The division also houses a bomb rescue unit, a hazardous materials unit, and a dive team. The division received accreditation from the Commission on Fire Accreditation International in March 2007.

The fire division is responsible for responding to emergency situations, prevention and investigation of arson, the inspection of all commercial property, and training fire recruits and EMS personnel. The fire alarm office is staffed by 53 uniformed fire fighters (three units on 24 hour shifts) who answer emergency calls and dispatch engine companies to the scene.

In 2007, the fire division responded to 23,656 fire incidents, and 107,351 EMS incidents. At mid-year 2008, 95 percent of fire emergency calls were dispatched within 90 seconds. Additionally, fire companies arrived on the scene within 8 minutes of the call in 90 percent of fire incident calls and 88 percent of EMS calls. A measure of fire fighter response success is the number of civilian fire deaths per 100,000 residents. At mid-year 2008, there were only 0.26 fire deaths per 100,000 residents.

Like the division of police, personnel costs are a major challenge for the fire division. In 2008, the average annual cost of a fire fighter (after five years of service) was $116,186. This cost is based on an average base salary of $59,114. The computation also includes the pension costs paid by the City ($22,337), insurance ($12,205) and other benefits such as a uniform allowance, service credit, overtime and holiday pay, and shift differential. Many of these benefits are mandated in the International Association of Fire Fighters (IAFF) union contract that covers all sworn fire fighters, including annual wage increases of three to four percent each year, position-for-position assignments, pension pick up costs, Kelly days, and a uniform allowance.

Figure 25



Appendix B compares the fire departments of the 25 largest cities in the U.S. Again, the City of Austin, Texas is most comparable to Columbus in both size and number of residents. The City of Austin has 42 fire stations and employs 1,471 fire fighters and 139 civilians for a total staff of 1,610. Columbus has 32 fire stations and employs 1,550 fire fighters and 51 civilians for a total staff of 1,601. While the number of total staff is similar, the average cost per resident is much higher in Columbus than in Austin ($255.70 compared to $215.20) and the total budget for Columbus is about $30 million more. The ratio of fire fighters per square mile in Austin is 5.412; the ratio in Columbus is 6.828.

Indianapolis, Indiana is also similar to Columbus in size and number of residents. Indianapolis has 34 fire stations and employs 1,014 fire fighters and 89 civilians for a total staff of 1,103. Indianapolis has 2.805 fire fighters per square mile, an annual cost of $169.34 per resident, and had an annual budget of $134.7 million in 2008 which is about $55 million less than Columbus.

The City of Columbus Division of Fire ranks third highest in terms of cost per resident of fire/EMS services in the 25 largest cities in the U.S. Only Boston and San Francisco have higher costs per resident. If the Division of Fire were the 11th highest cost per resident (as is the Division of Police), Columbus would theoretically spend about $180/resident. Based on the City's 2007 population of 747,755, Columbus would have spent about $134.6 million annually or nearly $50 million less than the actual 2007 expenditures.

Department of Public Safety Recommendations

Civilianize the fire alarm office, the fire quartermaster office, and the police technology section.

As the City moves forward in an effort to be as efficient as possible, positions such as the fire alarm office, the quartermaster duties in fire and the police technology section should be reviewed to see if they could be handled by civilians. The fire alarm office is currently staffed by uniformed fire fighters based on a 24 hour work period, with sleeping quarters and other living amenities at the facilities. E-911 calls are answered by civilians who process calls for police activities but transfer callers to the fire alarm office upon learning that the caller needs Fire or EMS assistance. This is contrary to the practice of most other cities, which have just one 911 call center, generally staffed by civilians. The City should compare the alarm office staffing model to those in use at comparable jurisdictions to see if changes would result in better use of uniformed personnel.

Uniformed personnel also perform quartermaster duties (distributing replacement gear) in the Division of Fire and technology support services in the Division of Police. Both of these functions are more appropriately performed by civilian personnel.

Review the feasibility of merging the City's weights and measures operation with the County weights and measures operation.

The Division of Support Services under the Department of Public Safety houses the Weights and Measures operations. Weights and Measures tests the accuracy of scales, gas pumps, taxi meters, posted prices versus cash register prices, examines pre-packaged commodities for adequate fill and proper labeling, as well as, follows up on consumer inquiries of suspect transactions at merchants involved in commercial transactions. Franklin County also has a Weights and Measures operation which falls under the County Auditor. It is recommended that the City and county review the possible merger of these operations. Though they do not duplicate efforts now as the county does not handle any testing in the City's borders, there could be some savings realized by the City of Columbus if the entire operation is moved to the County level. In 2008, the cost of the City's Weights and Measures operation exceeded its revenues by about $200,000.

Conduct a fire staffing study to determine the appropriate staffing levels without reducing response time, quality of services, and the safety of fire fighters.

The Columbus Division of Fire staffs each of our 32 stations (34 engine companies) with 3 units of fire fighters wherein each unit works a 24 hour shift. Therefore, each fire fighter works 24 hours and then is off for 48 hours. Each fire fighter is also entitled to a "kelly day" where they get one of their scheduled 24 hours of work off every 3rd week.

As discussed above, Columbus is identified as the third highest in funding dollars per resident spent on fire/EMS operations. The National Fire Protection Association (NFPA) states that minimum staffing for the type model we have (engine/medic) is four on-duty personnel. While the division's staffing protocol and minimum staffing levels are too detailed to go into in this report, in summary, the division currently runs a medic/engine company with five personnel (two personnel on the medic and 3 on the engine) during daylight hours (0800-2000). A sixth person assigned to the company may be conducting inspections, completing training, etc. During the night hours (2000-0800), the engine/medic company runs with all 6 personnel according the division's minimum staffing protocols.

If the division were to adopt their day time practice of allowing the medic/engine company to run with five personnel for both day and night time hours, it would free up 34 fire fighters per unit day or 102 in the aggregate to create more "platoon" positions (positions that rotate based upon need) or otherwise help the division meet the five person minimum on a daily basis. This could significantly reduce the need for overtime. This would still more than fulfill NFPA's four person minimum. It is recommended that the City conduct a staffing study to review current staffing protocols and examine alternatives.

Conduct a study to determine the benefits and expenses of using an Advanced Life Support (ALS) response protocol versus a Basic Life Support (BLS) response protocol on emergency runs. Determine which protocol, or combination of protocols, would be most appropriate for the City.

The Columbus Division of Fire currently runs its EMS services as an Advanced Life Support (ALS) agency. ALS care includes administering medications, cardioversion, and endotracheal intubation, as opposed to Basic Life Support (BLS) care, which consists of non-invasive life-saving procedures including CPR, bleeding control, splinting broken bones, artificial ventilation, and basic airway management. ALS care is provided by paramedics in the Columbus Division of Fire.

A study of the medical literature shows that for trauma patients, cardiac arrest victims and other medical conditions, there is little evidence that ALS care improves survival in patients.[23] The City should study whether the division could run as a Basic Life Support agency with excellent service to the citizens of Columbus. Providing basic life support would reduce the number of paramedics per engine company. This will result in reduced overtime for training and staffing. This could help the City control the cost of overtime.

Look at ways to minimize the number of overtime hours worked in Police and Fire civilian and sworn ranks.

See discussion on page 32.

Evaluate the possibility of assessing a charge for police and fire services provided at accident sites. The driver at fault would be responsible for paying the fee.

Municipalities in many Midwestern states, including Illinois, Indiana, Iowa, Michigan, Missouri, Ohio, and Wisconsin, are now billing insurance companies for police or fire department responses to auto accidents. A number of other states including Florida, Texas and some New England states are now attempting to charge accident response service fees to an at-fault driver's insurance company.

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[23] Derek L. Isenberg and Richard Bissell, PhD, "Does Advanced Life Support Provide Benefits to Patients?: A Literature Review", Journal of Prehospital and Disaster Medicine, Volume 20, #5, July-August 2005

Department of Public Health

Overview

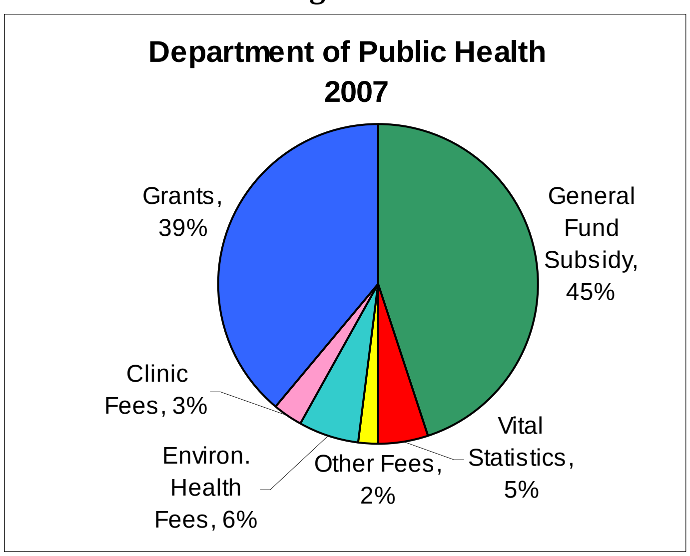
The Columbus Department of Public Health (CPH) celebrated its 175th year in business in 2008. The department protects, promotes, and monitors the health of the public by:

- assuring compliance with public health laws, mandates and regulations;
- establishing policy to address health issues and emerging health threats; and
- providing preventive, environmental, community, and clinical and home-based services.[24]

The department is guided by a five-member Board of Health and is overseen by Health Commissioner Dr. Teresa Long. The department receives funding from the General Fund, grants, as well as various fees and charges. There are currently over 450 staff in the department operating over 40 public health programs.

In 2008, CPH's operating fund (non-grant) expenditures totaled $25.9 million. The General Fund subsidy comprises approximately 45 percent of the total agency funds, as shown in Figure 26. The General Fund subsidy for the department was $19.5 million in 2001. In 2009 it is projected at $15.9 million, a reduction of 18.6 percent over the past eight years.

Figure 26



Source: Columbus Public Health presentation to Committee, May 22, 2008

[24] City of Columbus, Proposed 2009 Budget , presented to Columbus City Council November 14, 2008

Recommendations

Establish a charge for food education programs and re-inspections of recalcitrant food licensees.

CPH's food safety program provides food safety education as required by state law, yet the agency is not permitted to charge for this service. The food service industry has asked the department to provide more classes. The department estimates that the cost of the program is $50,000 - $75,000 plus materials. Establishing a fee for these classes would recoup the program costs and allow the program to be self-sustaining.

Currently, food license funds provide for a routine number of health department visits for "adequate" performing food establishments. There is no mechanism to seek payment for the numerous re-inspections that are required to bring a recalcitrant establishment into compliance with the food safety code. There is also an unfunded expense of the hearing office when the licensee contests the enforcement proceedings. It is estimated that $150,000 is spent annually on re-inspections of recalcitrant food licensees. These funds should be recouped through a fee.

Pursue funding for, or relief from, state and federal unfunded mandates.

Title VI of the Civil Rights Act requires that translation services be provided for residents and visitors seeking services from the health clinics. Persons who have a business license with CPH are required to be provided with interpretation services during any enforcement proceedings. Neither the state nor federal government provides funding for these mandated services to any health provider. The estimated cost of translation services for CPH is $500,000 per year.

In 2006, the Ohio General Assembly passed Substitute House Bill 203, also known as Jarod's Law. This bill requires sanitarians from local health departments to conduct annual inspections of the school buildings and associated grounds contained within their jurisdictions to identify health and safety concerns. The State of Ohio has not provided funding to cover the cost of this mandate, estimated to cost the City $140,000 per year.

Explore the possibility of consolidating all or a portion of the CPH services with the County.

Conducting a study will clearly outline the duties of both agencies and provide an understanding of any overlap in duties and/or clients served. At a minimum, the agencies can form a partnership to remove duplicative functions, saving both the City and the County money. If consolidation is indicated, both government agencies will improve efficiencies and will be better able to serve clients.

The City should join with other local entities that are engaged in providing access to primary care to determine the appropriate role for the City in the provision of primary care. These entities include all local health care systems and hospitals, Access Health Columbus, Franklin County, Federally Qualified Health Centers, Columbus Medical Association Foundation, and others.

CPH currently functions as direct primary care provider by providing significant funding to Columbus Neighborhood Health Centers for the provision of primary care. By re-assessing community partnerships, it should be possible to ensure that direct primary care is provided in an efficient, cost-effective and non-duplicative manner.

Department of Recreation & Parks

Overview

The mission of the Columbus Recreation and Parks Department is to enrich the lives of the citizens of the City of Columbus. The department provides active and passive recreational activities, opportunities, programs and facilities for Columbus citizens. The department also maintains parks, multi-use trails, City trees, golf courses and recreational facilities, and promotes the preservation and wise use of the City's natural resources. In addition, the department provides health and social services to older adults throughout eight counties in central Ohio.

Heretofore the department managed 30 recreation centers, including 5 multigenerational centers and 2 senior centers, 10 swimming pools, five athletic complexes, 7 golf courses and 10 shelter houses. In 2009, due to budgetary difficulties, only 18 recreation centers and four pools were to remain open. The department also oversees 230 developed parks and 326 separate parcels, 51 miles of bike trails, and just under15,000 acres of land and water. In 2008, the department employed 302 full-time staff and budgeted $2.4 million in part-time staff.

The General Fund subsidy for the department was $29.8 million in 2001. In 2009 it is projected at $20.8 million, a reduction of almost 30 percent over the past eight years.[25] The department has responded to reduced funding by reducing staff, reducing the number of hours recreation facilities are open, closing pools, and reducing parks and building maintenance programs. Facing more reductions in funding in 2009, the department will close 12 recreation centers; close all but five pools, lay off 44 additional staff, and not fill 41 vacant positions.

[25] Accounting for the transfer of street tree maintenance expenses to the Street Construction, Maintenance and Repair fund, the percent decline is 23.5 percent.

Recommendations

Explore additional partnerships with Franklin County Metro Parks.

The Recreation and Parks department provides valuable quality of life programs and services to the residents of Columbus and the surrounding suburbs. In order to continue to provide meaningful services to the public, additional funds are needed. However, the General Fund cannot sustain the increasing costs.

The Franklin County Metro Parks has a dedicated funding source (0.65 mills, 10- year property tax) to maintain its parks and provide recreational programming. The mission and goals of the two departments are similar in that they provide parkland and preserve open space. Metro Parks' mission emphasizes preservation of open space and natural resources and environmental education. CRPD's mission focuses much more on active recreation programming. A number of partnerships have been forged including Three Creeks Park, the Whittier Peninsula, and trail development.. This is an opportune time to pursue this partnership as the City begins to implement its plans for the construction of family recreation centers strategically located throughout the City.

The Committee recommends that discussions continue on potential partnership opportunities.

Discontinue the operation of golf courses that are not self-sustaining.

Of the seven golf courses currently in operation, three of the courses – Champions, Turnberry and Walnut Hills – have operating costs that exceed revenue generated from greens fees. The Golf Division experienced a shortage of cash in early 2008, making it difficult to cover payroll and other operating expenses. To address this issue, legislation was passed in 2008 that allowed temporarily transfers from the Recreation and Parks operating fund to the Golf Division Fund with the intent that all transfers be repaid as soon as possible. While golf operations are not directly subsidized by the General Fund, there is a danger that funds designated for other recreation and parks services could be diverted to the golf fund if it is unable to repay such funds. The Committee recommends that the courses that do not cover their costs should be closed or sold unless they can be turned into profitable business ventures.

Look for further commercialization opportunities.

Currently, private sector industries could sponsor recreation events and/or pay to advertise at local recreation facilities. Opportunities for private sponsorship should be further explored.

Review rental fees to ensure they are competitive in today's marketplace. Appendix A provides a list of selected General Fund fees and charges.

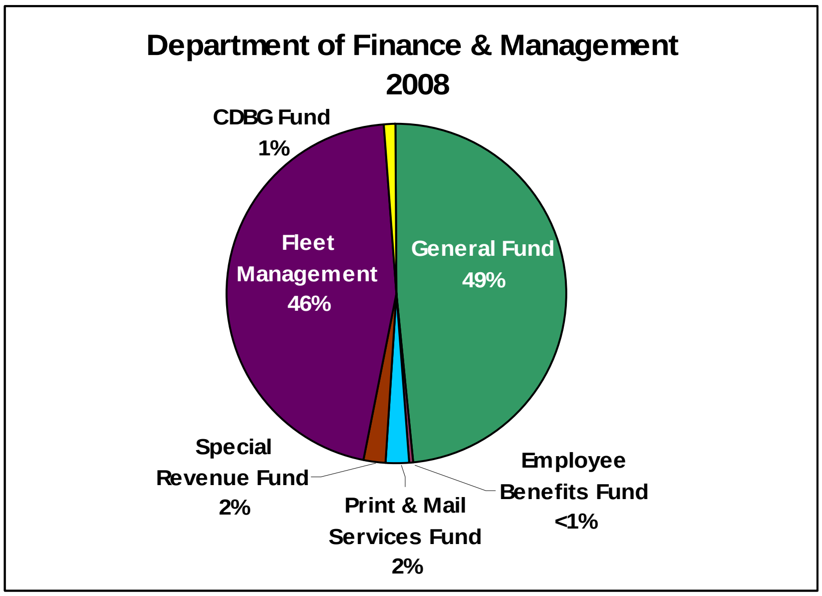
Department of Finance & Management

Overview

The mission of the Department of Finance and Management is to protect and enhance the fiscal integrity and efficient management of the City while promoting the Mayor's city-wide program initiatives. The department oversees the development, monitoring, and control of the City's operating budgets and coordination of the six-year capital improvements program. The department oversees the City's procurement policies and manages the city-wide performance management office. The department also houses the city-wide facilities management and fleet management functions.

In 2008, the total funding for the department was $74.7 million. Nearly half of the department's funds were received from the City's General Fund ($36.1 million). The next largest portion of funds came from the fleet management fund ($34.2 million). The department also receives a small amount of CDBG funds, print & mail services funds, and employee benefit funds. See Figure 27.

Figure 27



Due to numerous transfers of operations into the Department, it is difficult to make an "apples to apples" comparison of Finance and Management's budget over the past several years. However, there has been a significant downsizing in many of the Department's operations. From 2001 to 2008, the budget for facilities management and construction management (net of utility expenses) has been reduced by almost 12 percent, and the number of staff has been reduced by 16 percent, from 112.5 in 2001 to 94.5 in 2008. Conversely, the number of square feet maintained by the division of facilities management has grown from 1,800,000 square feet in 2001 to over 2,650,000 square feet in 2008. Other areas that have seen significant reductions in staff since 2001 are the purchasing office and the budget office.

Recommendations

Review and evaluate outsourcing opportunities.

Potential areas for outsourcing include custodial services, fleet parts, building maintenance and security services. At present, the in-house cost of providing custodial services is about $2.27 per square foot, while the contracted cost for those facilities that are currently outsourced is around $1.80 per square foot. If the contracted service cost were applied to all buildings, it is estimated that the City could save in excess of $430,000 per year.

Consolidate City-wide grant writing staff.

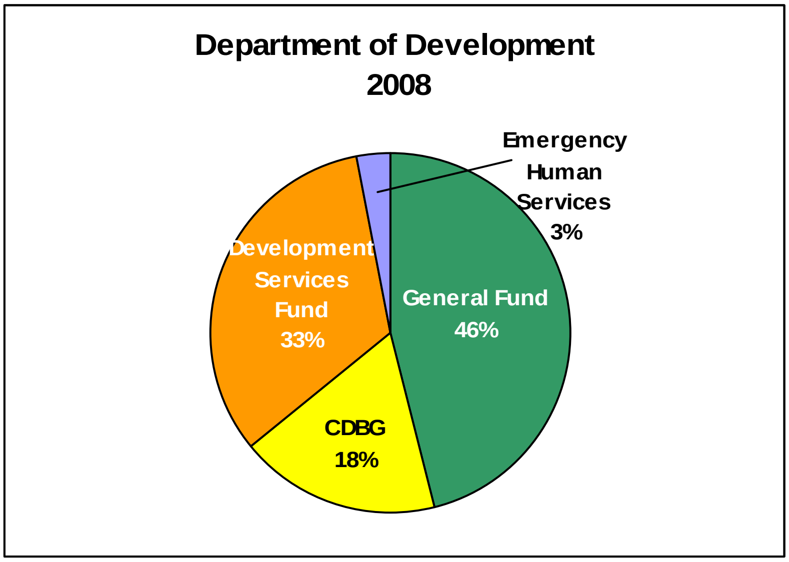
During the course of the agency presentations, the Committee learned that many agencies had staff performing grant-writing duties. The Department of Finance and Management housed such a position at one time, but it was eliminated due to budget constraints. If grant duties were centralized under the Department of Finance and Management, there could be a reduction in the number of grant writing staff that are needed city-wide.

Department of Development

Overview

The Department of Development provides an array of services through its divisions and offices. The department coordinates key development projects and provides resources through its financing and technical assistance programs. The mission of the department is to engage and promote strong, healthy, distinct and vibrant neighborhoods, provide an atmosphere that promotes job creation and economic growth in existing and emerging industries, develop a thriving downtown that is recognized as a regional asset, and provide high quality customer service.

Figure 28



The department received nearly one half of its funds from the General Fund ($21.9 million) and about one third of its funding from the development services fund ($15.4 million) in 2008. It receives a significant amount of funding from the community development block grant ($6.4 million). About 3 percent of the department's funding is received from the emergency human services fund ($1.6 million). See Figure 28.

Reductions in this department have primarily occurred in the areas of code enforcement and financial support to agencies that assist with social service needs. The 2001 budget for code enforcement was $5.76 million, declining to $4.9 million in 2009, a nearly 15 percent reduction. In 2001, there were 84 full-time code enforcement staff; by 2009 that number had fallen to 58. Funding for social service agencies has declined by almost 69 percent over that same time period.

Recommendations

Evaluate regional partnerships and collaborations in economic development.

Forming partnerships to promote regional economic development will enable the City to be informed of federal and state legislative changes that may impact local governments. It will also keep the City informed of state and federal grant opportunities that become available. The City will be able to pursue partnerships that will attract businesses to Columbus and encourage job growth. This translates into increased revenue for the City in the form of income tax. Reduced costs can be realized through sharing of templates for promotional materials, brochures, etc.

Continue to fund economic development and job creation activities as aggressively as possible in order to bring in new jobs and retain jobs that are already here.

While the Columbus Department of Development has had significant successes, they should continue those successes by being even more aggressive in attracting, relocating and expanding businesses. Given that 60 to 80 percent of all employment growth within a given area is due to the growth of existing companies, the Development Department should expand business retention efforts by reaching out to existing employers to determine any barriers to their success and gain insight into what they need to grow and thrive within Columbus.

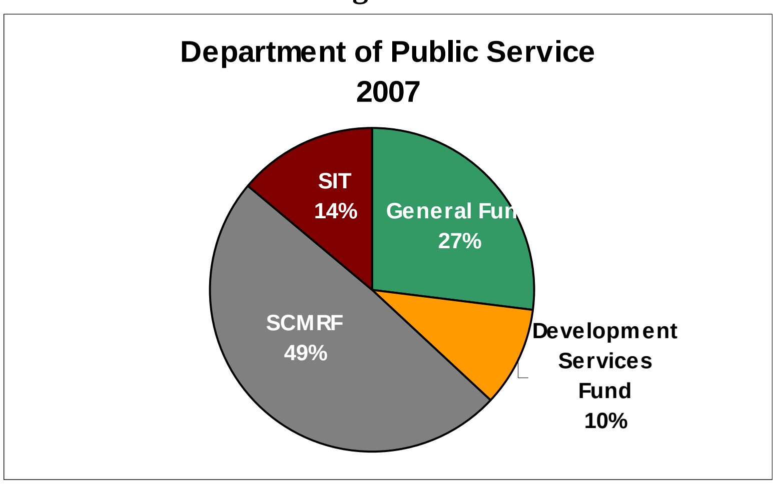
Department of Public Service

Overview

The mission of the Department of Public Service is to deliver quality services in the areas of transportation, refuse collection and publicly managed parking. The department provides design and construction administration and inspection services for capital improvement projects, and reviews building and site development plans. It is also responsible for snow and ice removal, road maintenance and repair, and mowing and de-littering the right of way. Other major responsibilities of the department include refuse collection, operation of the 311 call center, and the parking violations bureau.

The department employs 862 full-time and 8 part-time employees. Its primary funding comes from the Street Construction Maintenance and Repair Fund (49 percent). The General Fund provides 27 percent of the department's funding; 14 percent comes from the SIT fund (for refuse tipping fees), and 10 percent comes from the Development Services Fund (inspection fees). Total expenditures for the department in 2008 were $103.5 million. Figure 29 outlines the department's funds, by source.

Figure 29



As part of balancing the 2009 budget, the funds allocated for yard waste collection were reduced from $3.8 million to $1 million. This funding will provide for very modest service, most likely intermittent pick-up during the times of the year that most yard waste is generated (spring, fall and after Christmas). Due to demands on the SCMRF fund, the bulk refuse collection program is also being curtailed in 2009. The division will have 15 fewer bulk employees than in 2008, with a resulting increase in the average wait time for scheduled bulk collection service, as well as decreased operational capacity to perform unscheduled bulk collection service in alleyways. In 2007, over 83,000 bulk stops were scheduled, averaging 1,608 per week. At this point, it appears that the SCMRF fund will not be able to continue to sustain the cost of bulk trash pick-up after 2009.

Recommendations

The Committee recommends that a fee be charged for refuse collection especially if an income tax increase cannot be accomplished. This fee should cover, at a minimum, the total General Fund costs incurred by the Columbus Division of Refuse Collection.

The City should pursue a city-wide recycling program separate and apart from the refuse fee.

See Section IV, Major Revenue Sources, "Refuse Fee" on page 64 for a discussion of this recommendation.

Consider the consolidation of the 311 call center with the Department of Public Utilities call center and other call centers.

Currently, the 311 call center and the utilities call center are two separate units operating in two different locations. These two call centers can be combined by co-locating the staff and cross training them to answer questions and make referrals. A consolidation would create economies of scale by having one system instead of two. It could result in faster response times and reduce the total number of staff needed to operate the call center.

The City should analyze the number of staff required for a consolidated call center and identify other savings that could be gained, such as lowered space costs, utilities, telephone lines, etc.

Evaluate outsourcing the duties and functions of the Parking Violations Bureau.

The Parking Violations Bureau monitors parking meters, collects coinage from the meters, and issues tickets to parking violators. This function is currently provided by City employees. This is an area where outsourcing would likely reduce the costs to the City and not negatively impact revenues generated. Outsourcing would remove the responsibility of monitoring parking meters from the City and place it with an outside entity. This will save the City money without reducing revenues.

Another option is the sale of the parking revenue stream. Chicago recently "sold" its parking meter business. In exchange for future annual net parking meter revenues, the City received an upfront payment and shed its responsibility for maintenance, collections and technology upgrades of parking meters.

Pursue a partnership with The Ohio State University to share the cost of bulk trash collection service in the campus area.

Pursue partnership in the funding for bridge inspections and repairs with the Ohio Department of Transportation and the Franklin County Engineer.

Ohio House Bill 67, enacted in July 2008, shifted responsibility for bridge maintenance and repair on state roads running into or through the municipal corporations. However, no associated funding was provided.

Implement best practices in refuse collection by reviewing and benchmarking the package delivery industries' routing efficiency efforts to reduce costs, reduce accidents and improve labor and equipment efficiencies.

Various software applications are available to help reduce transportation costs, save time routing, improve customer service and increase overall operational efficiency. The City should examine what other cities and private companies have found to be effective tools.

Section IV

Major Revenue Sources

Introduction

Under State law, Ohio cities are permitted to impose an income tax or a property tax, subject to a vote of the people. Cities can also implement excise taxes (which are flat fees charged for certain services, such as lodging, admissions to events, and commercial parking) without a vote. Cities can also charge for various services provided, such as refuse collection or emergency medical services transport. Ohio cities are prohibited from implementing a sales tax.

There are only three revenue options that will generate sufficient funding to address the City's structural imbalance—the income tax, property tax, and a refuse fee. The linkage between those who pay and those who benefit from city services varies with each of those sources. The income tax would apply to all who benefit from City services, since it would apply not only to those who live in the City but also to those who work here. A refuse fee would apply only to those actually residing in the City, while a property tax would apply only to those owning property in the City.

These revenue options are discussed in detail below, including the advantages and disadvantages of each. Other smaller revenue sources are examined in Section VI.

City Income Tax

The Committee recommends an increase in the City income tax rate in a range from 0.25 percent to 0.5 percent and finds that it is a necessary component part to eliminating the structural imbalance identified. Whether or not a quarter of those increased revenues should be deposited to the Special Income Tax Fund, a debt service fund for bonds sold to pay for non-enterprise capital improvements, as has been the case for the existing two percent tax, may depend upon the size of the tax increase sought and a City determination of the adequacy of capital improvements funding in comparison to the need to address the structural imbalance in the General Fund.

The Committee recommends that an updated analysis be prepared of the cost/benefit of a mandatory filing of tax returns by taxpayers

Potential Revenue: $48.5-$97 million

Overview

The City of Columbus first instituted an income tax in January 1948.[26] The income tax was set at 0.5 percent of individual wages and business earnings. The tax rate has only been raised three times since its inception 61 years ago. In 1956, the City Council approved a doubling of the tax rate from the original 0.5 percent to 1 percent. In 1970,

[26] City of Columbus Ordinance #654-47, passed 11/28/47.

voters approved a second 0.5 percent increase, raising the total tax rate to 1.5 percent. The last time that an increase in the rate was approved by the voters was in 1982. That vote increased the rate to 2 percent where it has remained for the past quarter century. The City has not asked the voters to consider an income tax rate increase since 1982.

The City uses its income tax revenue for two essential purposes. Seventy-five percent (75 percent) of income tax collections are directed to the General Fund, while 25 percent flows to the City's Special Income Tax Fund (SIT) and is primarily used to pay principal and interest on "non-enterprise" bonds and notes of the City, the proceeds of which finance capital improvements. The current percentage split is prescribed by the City Code. While the split is subject to change pursuant to a vote of City Council, the percentages have remained intact during the entire period that the City has had a 2 percent income tax rate. Income tax revenue is the life blood of the City's General Fund, and it has also provided the City with a reliable source of funds to maintain its infrastructure. (This Committee has not addressed the adequacy of revenues currently flowing to the SIT. Our charge has been to examine the structural imbalance in the General Fund. Any deliberations surrounding an increase in income tax to support the City's capital program should be considered apart from this report).

Income tax receipts are the largest revenue source for the General Fund, comprising over 65 percent of that fund's revenue. (Attachment F details all sources of General Fund revenue.) In 2008, General Fund income tax receipts totaled \$389.1 million and represented 62.2 percent of total revenue. Ninety percent (90 percent) of the receipts were generated from individual wages (87 percent from withholdings; 3 percent from individual returns) and 10 percent came from business returns.[27]

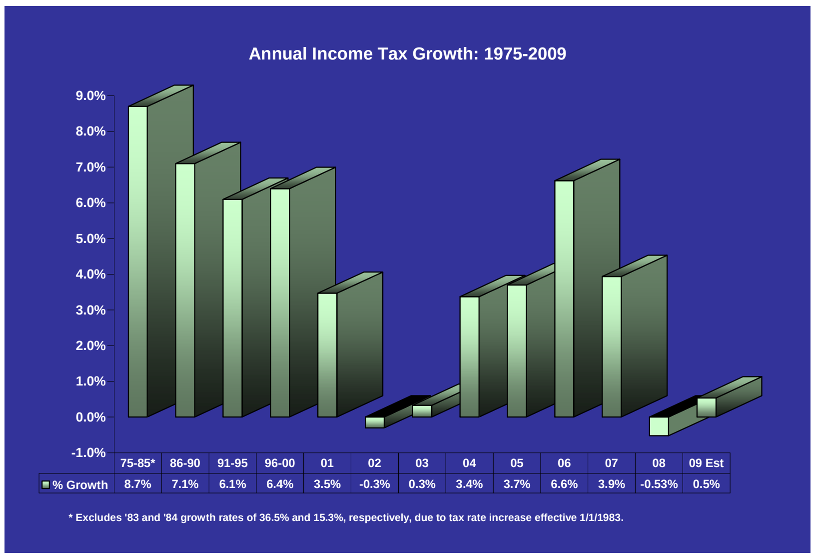
With so much of the income tax being generated by withholding for individuals, the City has never required the mandatory filing of tax returns by taxpayers. A mandatory filing requirement would require a significant staff expansion in the Income Tax Division for administration of the program. Past cost/benefit studies of the issue have concluded that the increased revenue to be expected from mandatory filing would not be justified by the increased cost, largely because the availability of IRS tapes to large cities such as Columbus has given them an effective way of identifying persons who should be paying City income tax. However, the Committee feels that it may be worth re-visiting this issue to make a fresh determination of whether the potential benefits of mandatory filing justify the increased costs.

In the mid-1980s, after the voters approved increasing the rate to 2 percent, income tax revenues increased from 7 percent to 10 percent each year. This resulted in annual net gains to the General Fund of \$13 million to \$16 million. From 1995- 2000, revenue growth averaged about 6.4 percent per year and total income tax receipts grew from \$232 million in 1990 to \$424.2 million in 2000.[28] Beginning in 2001, the growth in income tax receipts slowed precipitously as the City and region fell into an economic recession. In fact, for the first time since 1961, income tax receipts experienced a growth rate below

[27] City Auditors Comprehensive Financial Reports
[28] City Auditors Annual Reports

four percent in 2001 and then actually experienced a negative rate of growth from 2001 to 2002. Receipts remained flat through 2003, and then modest gains returned through 2007. During 2008, income tax receipts again fell below prior year levels. Projected income tax receipts during 2009 are estimated to increase by only 0.5 percent over 2008 levels. It is striking that the City income tax has experienced only 3 years of negative growth since 1948, and two of those years have been in this decade: the period during which the structural imbalance has materialized. While total income tax receipts grew by $192 million from 1990 to 2000, the growth from 2000 to 2008 only realized an $80 million increase (from $438.9 million in 2000 to $519.1 million in 2008). See Attachment G and Figure 30.

Figure 30



Comparison to Other Cities

In order to assess the wisdom and viability of pursuing an increase in the City's income tax rate, it is prudent to analyze the tax rates in other large Ohio cities as well as those cities in the immediate vicinity with whom Columbus competes for business.

As of December 31, 2008, there are 574 cities and villages in Ohio which levy some percentage of income tax. The lowest income tax rate in Ohio is 0.4 percent in Indian Hill; the highest rate is 3.0 percent in Parma Heights. A total of 436 municipalities (76 percent) have an income tax rate lower than 2.0 percent. One hundred thirteen (113) municipalities (20 percent) impose a 2 percent income tax, 10 have a 2.25 percent income tax, and 8 have a 2.5 percent income tax and one city has a rate of 2.75 percent. The City falls within the 20 percent of the cities that impose a 2.0 percent income tax. Figure 31 details the income tax rates of the ten largest cities in Ohio.

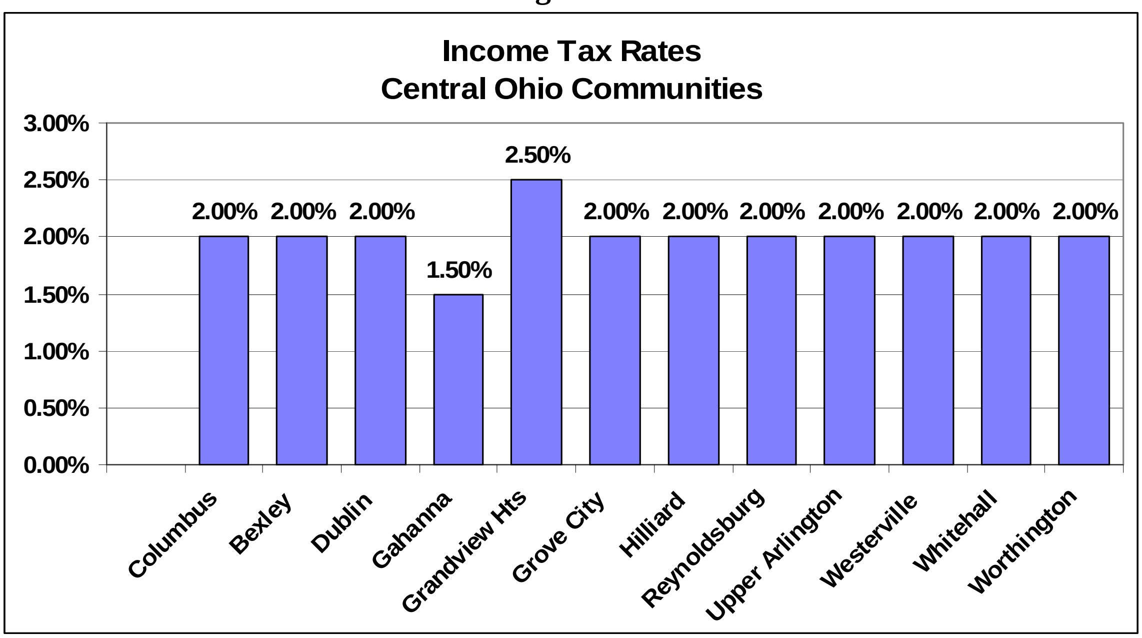
Figure 31

City	Tax Rate	Population
Columbus	**2.00%**	**776,463**
Cleveland	2.00%	384,051
Cincinnati	2.10%	283,837
Toledo	2.25%	276,068
Akron	2.25%	190,632
Dayton	2.25%	137,158
Parma	2.50%	85,881
Youngstown	2.75%	59,886
Canton	2.00%	73,600
Lorain	2.00%	65,072

Columbus, Cleveland, Canton and Lorain have the lowest income tax rate (2.0 percent) of the ten largest cities in Ohio. Of the five major metropolitan areas, Columbus and Cleveland have the lowest income tax rate at 2.0 percent, Cincinnati is slightly higher at 2.10 percent, and Toledo and Dayton have a 2.25 percent rate. Thus, Columbus currently has one of the lowest income tax rates of the five major metropolitan areas.

When comparing Columbus to other central Ohio communities, the income tax rate is currently in line with most of the surrounding suburban areas. Ten of the 12 cities compared have a 2.0 percent income tax rate, including Columbus. Grandview Heights has a 2.5 percent income tax rate, and Gahanna has a 1.5 percent tax rate. See Figure 32.

Figure 32



It is also important to ensure that Columbus can remain competitive in the area of economic development and draw and retain businesses in the City. Figure 33 attempts to compare cities across the nation that Columbus competes with for economic development. While it is difficult to compare the overall tax burden on residents, some conclusions can be made. The City falls in the median range for its state tax rates. Ohio has a state income tax rate of 0.62 percent – 6.24 percent. Austin, Jacksonville, and Nashville do not have a state income tax. Portland and San Diego have state income tax rates of 9 percent or more. The Ohio sales tax rate is 5.50 percent. Again, this is in the median range compared to our competitors. Most of the cities compared do not have a municipal income tax; the City has a 2 percent income tax. Conversely, the City does not levy a municipal sales tax, while other cities do.

Figure 33

	State Taxes		County Taxes		Municipal Taxes	
	Income(1)	Sales(2)	County	Sales	Income	Sales
Raleigh, NC	6 - 7.75%	4.50%	Wake	2.25%	n/a	n/a
Austin, TX	0%	6.25%	Travis	n/a	0%	1.00%
Charlotte, NC[1]	6 - 7.75%	4.50%	Mecklenburg	2.75%[2]	n/a	n/a
Jacksonville, FL	0%	6.00%	Duval	1.00%	0.00%	Combined Government
Nashville, TN	0%	7.00%	Davidson	2.25%	n/a	Combined Government
Portland, OR	5 - 9%	0.00%	Multnomah[3]	n/a	n/a	n/a
Indianapolis, IN	3.4%	7.00%	Marion	City & County could not provide. Dept of Rev says there is none.	City & County could not provide. Dept of Rev says there is none.	
Kansas City, MO	1.5 - 6%	4.23%	Jackson	1.13%	n/a	2.38%
			Clay	0.88%		
			Cass	1.75%		
			Platte	1.38%		
Minneapolis, MN	5.35 - 7.85%	6.50%	Hennepin	0.15%	n/a	0.75%
Louisville, KY	2 - 6%	6.00%	Jefferson	1.45%	2.00%	n/a
Cincinnati, OH	0.62 - 6.24%	5.50%	Hamilton*	1.00%	2.00%	n/a
Chicago, IL	3%	6.25%	Cook	2.75%	n/a	1.25
San Diego, CA	1 - 9.3%	7.75%	San Diego	1.50%	n/a	0.75%
Milwaukee, WI	4.6-6.75%	5.00%	Milwaukee	0.56%	n/a	0.56%
Cleveland, OH	0.62 - 6.24%	5.50%	Cuyahoga	2.25%	2.00%	n/a
Columbus, OH	0.62 - 6.24%	5.50%	Franklin*	1.25%	2.00%	n/a

1 According to department of revenue for NC, Sales tax for the city and county depends on the population

2 Includes a .5% transit tax (Mecklenburg)

3 Multnomah County personal income tax is at three-year measure. The tax is 1.25% levy on the Oregon taxable income of Multnomah County residents

* Franklin & Hamilton Counties include a transit tax

Source: Columbus Department of Finance & Management

In summary, the City of Columbus' income tax rate is currently among the lowest of the major metropolitan cities in Ohio. The tax rate is on par with most surrounding central Ohio communities and it falls in the median range with other cities that we compete with for new businesses and retaining current businesses.

Recommendation

The Committee has identified a structural imbalance ranging from $80 – $120 million. It is difficult to envision a scenario where that imbalance can be eliminated without any increase in the City's income tax rate. From 1982, the year the last income tax increase was approved by voters, through 2001, growth in the tax collections generally enabled the City to maintain acceptable service levels. As discussed elsewhere in this report, the rate of growth has ebbed throughout this decade, and the reduced growth in this vital revenue source is largely responsible for the ensuing structural imbalance.

A 0.25 percent income tax increase is estimated to generate new revenues of $48.5 million per year to the general fund if 25 percent of the increase goes to the SIT and $64.8 million per year if the General Fund receives all increased revenue. Such an increase would eliminate approximately 50 to 75 percent of the structural imbalance identified by the Committee, if the entire increase were deposited into the General Fund. This increase would cost the average household about $106 per year in additional income tax payments. This estimate is based on the 2007 U.S. Census Bureau report that the median household income in the City of Columbus was $42,253. The impact on the average household is less than $10/month and is one of the least expensive proposals that the Committee has considered.

A 0.5 percent income tax increase is estimated to generate new revenues of $97.2 million per year to the General Fund if 25 percent of the increase goes to the SIT. Alternatively, the same amount of new revenue would be generated for the General Fund from a 0.375 percent increase if none of the new revenue goes to the SIT. Such an increase could eliminate the entire amount of the structural imbalance if the imbalance is considered to be in the low end of the identified range and the entire increase was deposited into the General Fund. If the imbalance reaches the $120 million estimate, an additional $23 million would be needed to resolve the imbalance. This increase would cost the average household about $158 per year in additional income tax payments. The impact on the average household is about $13/month and is still one of the least expensive proposals that the Committee has considered.

The Committee believes that the income tax increase should not solve the entire structural imbalance. Instead, an approach that couples a lower income tax increase with compensation and benefits adjustments, administrative cost efficiencies and other reductions should be pursued.

The Committee is not offering any opinion on the subject of increasing the income tax rate to further support the SIT which is primarily used to finance City capital improvements. We have not examined that fund and are not in a position to opine on the sufficiency of income tax revenue flowing to that fund.

Advantages

The Committee has identified the following advantages attributable to this potential revenue source:

1. A reasonably modest increase in the tax rate produces significant revenue. Since the midpoint estimate of the imbalance is $100 million, it is difficult to envision closing the gap completely through a series of revenue enhancements and budget cuts that does not include this revenue source for at least part of the solution.
2. This source of revenue captures significant revenue from non-residents who commute to their place of employment in the City on a daily basis. The City estimates that approximately 53 percent of City income tax is paid by nonresidents. Most other alternatives place a higher burden on City residents.
3. Since the income tax is a tax on earnings, it does not place an undue burden on senior citizens and those on fixed income. Pensions, disability benefits, military pay, interest, dividends, and capital gains are not subject to the City income tax.

Disadvantages

The Committee has identified the following potential disadvantages associated with this potential revenue source.

1. The tax increase requires a vote of the citizens of the City. While the Committee has not undertaken any research or polling to test voter sentiment, it may be difficult to convince voters of the need during a severe economic downturn.
2. The City must be cognizant of its competitive position in central Ohio, the State and nationally. At the current time, the City's income tax rate is very competitive both in central Ohio and on a State-wide basis. The Committee has conducted no in-depth review of our national competitiveness. A 0.25 percent increase would place the City at the high end in central Ohio, but the City would remain competitive with the other major cities in the State.

Refuse Collection Fee

The Committee recommends that the City charge a fee for refuse collection as provided below, especially if an income tax increase cannot be accomplished.

Potential Revenue: $43 - 58 million

Overview

The Division of Refuse Collection provides residential refuse and bulk-collection services, litter-container collection, and dead-animal pickup from public property. The division also manages contracts for yard waste collection services as well as a curbside subscription recycling, and oversees the Keep Columbus Beautiful program. Residential refuse collection is provided through 90-gallon, 300-gallon, manual collection and multi-family collections. In 2009, the Division of Refuse Collections will employ 210 people for the purposes of refuse collection.

No fees are currently imposed on City residents for trash collection. The division will receive about $38.4 million in 2009 for operating expenses, from the following sources:

General Fund	$18,300,000
Street Construction Maintenance & Repair Fund (SCMRF)	5,300,000
Special Income Tax (SIT) Fund (Tipping Fees)	14,800,000
Subtotal	**$38,400,000**

In addition, the Division incurs approximately $6 million annually for debt service charges (paid from SIT). Historically, the division was funded solely through the General Fund. However, due to constraints on the General Fund, the cost of disposal of refuse at the county landfill (tipping fees) was shifted to the Special Income Tax fund in 1993. Similarly, beginning in 2006, portions of the cost of bulk refuse collection were transferred to the SCMRF Fund, and that fund now bears the entire cost of bulk collection.

As part of balancing the 2009 budget, the funds allocated for yard waste collection were reduced from $3.8 million to $1 million. This funding will provide for very modest service, most likely intermittent pick-up during the times of the year that most yard waste is generated (spring, fall and after Christmas). Due to demands on the SCMRF fund, the bulk refuse collection program is also being curtailed in 2009. The division will have 15 fewer bulk employees than in 2008, with a resulting increase in the average wait time for bulk pick-up, as well as increased levels of bulk trash in alleyways. At this point, it appears that the SCMRF fund will not be able to continue to sustain the cost of bulk trash pick-up after 2009.

The number of households served by the division has been growing at an annual rate of about 4,000. Simultaneously, the number of employees in the division has declined, from 290 in 2000 to 209 in 2009, a 28 percent staff reduction.

Comparison to Other Cities

There is no definitive trend among major metropolitan cities in Ohio regarding charging for refuse collection. Cincinnati does not charge for refuse collection. Dayton charges residents $21.50 per quarter to defray the cost of trash containers and tipping fees. Canton charges $28.79 every two months per household. Akron charges $19.50/month per household. The charge is reduced to $17.50/month if the resident recycles. Fees are generally collected through the monthly water and sewer utility billing process.[29] Attachment H provides more detail on refuse collection fees in major Ohio cities.

In central Ohio, most municipalities contract for refuse collection services. The service provider then bills the customer directly. Figure 34 lists the central Ohio communities and their respective refuse fees.

Figure 34[30]

	Monthly Charge - Rumpke
Bexley	$13.56
Dublin	$13.56
Gahanna	$13.56
New Albany	$13.56
Norwich Township*	$14.00
Plain Township	$13.56
Powell	$14.61
Reynoldsburg	$14.50
Washington Township	$13.56
Westerville	$13.56
Whitehall	$14.25

* Norwich Township does not use Rumpke

Implementation

If the City were to implement a charge for refuse collection, two methods of calculating costs could be used. The first method would include the General Fund costs, debt service costs, and the cost currently being paid from the SCMRF, but would exclude tipping fees, which are currently paid out the SIT. Expenditures for 2008 were about $33.3 million. Considering increases in staff costs, inflationary increases and considering a more optimal equipment replacement schedule of $10 million rather than the current $6 million, it is projected that 2009 expenditures will be about $37.3 million, with restoration of 2009 cuts and inclusion of debt service costs. The cost of a curbside recycling program has been estimated at $6 million per year, including capital costs, bringing the total to $43.3 million. The Division of Refuse Collection currently provides services to 329,102 households. When calculating the monthly cost per household, some

[29] Department of Finance & Management, Office of Performance Management, February 3, 2009
[30] Department of Public Safety, Responses to Questions from the EAC

consideration must be given to account for low income households who will be unable to pay the monthly fee. For purposes of estimating the monthly fee, we used non-collection rates of 10 percent and 20 percent. Figure 35 calculates the estimated cost per household for refuse collection services, including the implementation of a recycling program. The monthly cost per resident would be between $12.19 and $13.72 per month, depending upon the allowance for uncollectible debt that is incorporated into the fee.

Figure 35 Refuse Collection Costs without SIT Funds

	2008 Total	2009 Projected	2009 Projected 10% uncollectible	2009 Projected 20% uncollectible
Total Cost*	$33,311,369.41	$43,332,382.00	$43,332,382.00	$43,332,382.00
Households	329,102	329,103	296,192	263,282
Annual Cost	$101.22	$131.67	$146.30	$164.59
Monthly Cost	$8.43	$10.97	$12.19	$13.72

*Excludes $14.3 million of SIT spending; includes $6.0 million to implement a recycling program

Method two would include the total cost of trash collection, including the implementation of a recycling program and the $14.3 million currently being paid through the SIT. Figure 36 calculates the monthly cost per household including the SIT payments. The monthly cost per resident would be between $16.21 and $18.24 per month, depending on the total amount of uncollectible debt that occurs.

Figure 36 Refuse Collection Costs with SIT Funds

	2008 Total	2009 Projected*	2009 Projected 10% uncollectible	2009 Projected 20% uncollectible
Total Cost	$47,611,369.41	$57,632,382	$57,632,382	$57,632,382
Households	329,102	329,103	296,192	263,282
Annual Cost	$144.67	$175.12	$194.58	$218.90
Monthly Cost	$12.06	$14.59	$16.21	$18.24

* Includes $6.0 million to implement a recycling program

If a refuse fee is implemented, several key administrative issues need to be addressed that are beyond the scope of this Committee.

1. What mechanism will the City use to bill customers for refuse services? Will the billing be added to property tax statements, utility bills, or will a separate invoicing system need to be created?
2. Should the City place a lien against the customer's property for unpaid refuse bills?
3. How will the City reduce or waive refuse fees for low income and fixed income residents?

Solid Waste Authority of Central Ohio

The Committee met with the Solid Waste Authority of Central Ohio (SWACO). SWACO reviewed their operations, and introduced ideas that could be helpful in eliminating the structural imbalance. SWACO has the legal authority (Ohio Revised Code Section 343.08) to implement a Parcel Charge for services currently provided by SWACO on all improved parcels within the City. It estimates the total number of such parcels in the City at 230,000. Those current services include Transfer and Disposal (estimated at $14 million) and Transfer Facility Infrastructure Improvements (debt service on needed improvements estimated at $2.5 million per year). These services are currently paid for by the City from its Special Income Tax Fund and do not have direct bearing on the structural imbalance.

SWACO also identified the City's yard waste program ($3.8 million), a new recycling program (estimated at $6 million per year) and the $7.00 per ton Retired Facility Fee (City is projected to begin paying this fee in December 2011 at $2.3 million per year based upon current trash volume). The yard waste and recycling programs do or would impact directly upon General Fund expenditures. (Due to budget constraints, the yard waste program was reduced to $1 million in 2009). It is also possible that the entire refuse collection operation could be transferred to SWACO, and the City could enter into contract with SWACO to operate the system in its entirety.

Of course, the City could choose to implement a refuse collection fee itself as discussed herein to recover all of these same costs without using SWACO as a conduit for the imposition of the parcel fee. The Committee is indifferent as to whether any refuse collection fee should be imposed directly by the City or whether it should enter into contract with SWACO to perform the services and impose the parcel fee to cover the cost of the services. The two alternatives should be revenue neutral, and the appropriate vehicle for imposing any sanitation fee should be left to the City Administration and City Council.

Advantages:

The refuse collection fee is justifiable and does not place the City at a competitive disadvantage within the State because most other large Ohio cities impose a refuse fee. The smaller communities in central Ohio privatize the services and bill the residents. The City already has statutory authority to impose the fee. This fee could be implemented quickly with no changes in the current trash collection process.

Disadvantages:

Because the refuse fee is a flat fee, it is regressive and disproportionately impacts low income persons. Provisions would have to be developed to ensure that these vulnerable citizens are afforded some assistance in paying the refuse fee, or have it waived altogether.

With a monthly fee of $12.19 to $18.24, a household would have to have an annual income of more than $58,500 to $87,500 for the refuse fee to be less costly than a 0.25 percent increase in the income tax. Since the median household income in Columbus is

$42,253 (2007 Census figures), a refuse fee would be substantially more costly for the vast majority of households than a 0.25 percent increase in income tax.

The $43.3 million benefit to the General Fund of a refuse fee limited to the above scenarios is not likely to be sufficient on the revenue side to address the structural imbalance and likely would have to be accompanied by about $30 million in additional new revenues.

Property Tax Increase

The Committee does not recommend that the City seek an increase in property tax millage at this time.

Potential Revenue: $16 million per mill

Overview

The Ohio Constitution requires that most real and personal property taxes in the State require a vote of the residents within the jurisdiction seeking to impose the tax. The Constitution limits the property tax rate that can be imposed without a vote of the people to 10 mills. This millage cap applies to all overlapping political subdivisions within a county. Within Franklin County, the full unvoted 10 mills is currently being imposed. The City's share of the 10 mills of property tax is 3.14 mills. The City's millage rate has remained constant since 1956. The balance of the 10 mills is allocated to the County, school districts and other overlapping subdivisions.

The City has the legal authority to seek voter approval for a property tax levy over and above its current 3.14 mill allocation to support either general operations or to finance specific services. The City has historically not asked the voters to support property tax initiatives to support operations. The City frequently goes to the voters to receive approval for bond issues which are backed by "unlimited" property taxation. The City has made a longstanding pledge to the voters that it would never actually impose the property taxes authorized by a bond issue, and it has honored that pledge for over 50 years.

The total assessed valuation for the City is approximately $16 billion. Each 1 mill increase in property tax would yield approximately $16 million in new revenue for the City. In 2009, the total property tax revenue generated from the 3.14 mills of unvoted tax is estimated to be $51.5 million. The revenue is allocated between police & fire pension costs (0.6 mills) and the General Fund (2.54 mills).

Comprehensive property reappraisals are conducted every six years, with a triennial update every three years. Property taxes are calculated based upon assessed valuation calculated at 35% of the appraised market value for real property, 88% of the property value for tangible personal property (being phased out), and 100% of the true value for public utilities. As property values increase and reassessments are conducted, the City only receives additional revenue on its unvoted 3.14 mills. On voted property tax levies, as assessed property value is adjusted upward, millage rates are rolled back. On voted levies, the City would only be allowed to receive additional revenue on "new construction".

Since inflationary growth in property tax is limited to new construction, communities who rely heavily on voted levies are forced to return to the voters frequently. If they don't do so, a structural imbalance will ensue.

The property tax collections for 1999-2008 are shown in Figure 37.

Figure 37

City of Columbus - General Fund Property Tax Collections 1999-2008				
Year Received by City	Gross Amount (in millions)	% Increase	Withheld by County (in millions)	Amount Received by City (in millions)
2008	$52.50	0.00%	$1.1	$51.4
2007	$52.50	0.57%	$0.9	$51.6
2006	$52.20	12.74%	$1.2	$51.0
2005	$46.30	0.43%	$0.8	$45.5
2004	$46.10	1.54%	$0.9	$45.2
2003	$45.40	9.66%	$0.8	$44.6
2002	$41.40	1.22%	$0.9	$40.5
2001	$40.90	5.14%	$0.9	$40.0
2000	$38.90	13.08%	$1.0	$37.9
1999	$34.40		$0.6	$33.8

Source: City Auditor, January 2009

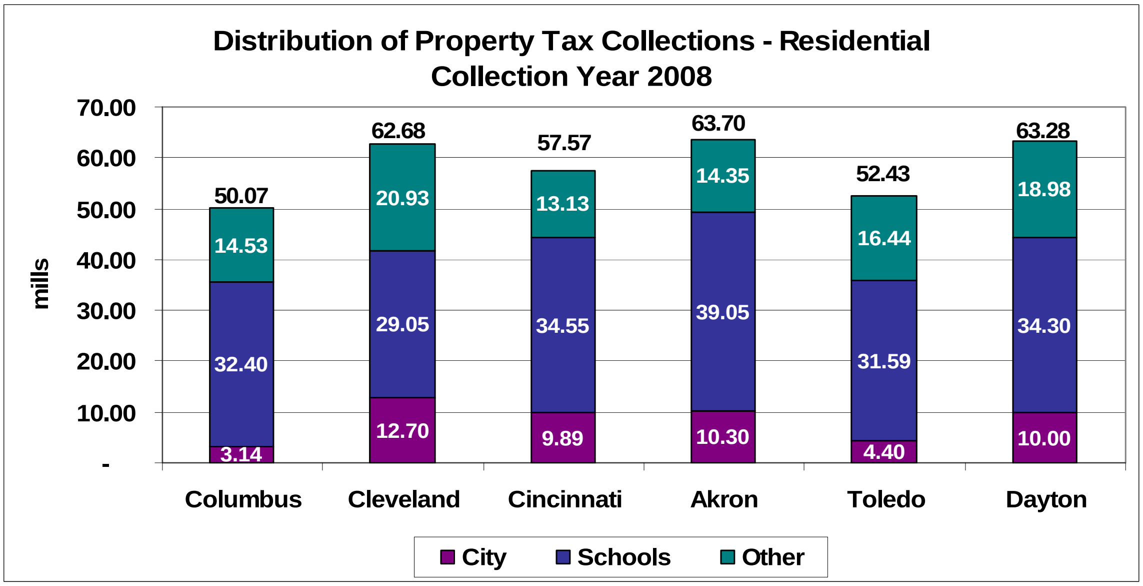
Revenue from property taxes is very stable and predictable, with significant increases occurring only when a reappraisal occurs. The last reappraisal of property in the City took place in 2005. Due to the economic downturn, the County Auditor determined that he would forego the 2008 triennial reappraisal for residential property and retain 2005 valuations. Consequently, the City is projecting no increase in property tax revenue in 2009 - 2011.

Comparison to Other Cities

The City has the lowest residential property tax rate (50.07 mills) of the six largest cities in Ohio. Of course, the City only receives a fraction of this total millage rate (3.14 mills) with the balance going to the schools and other overlapping governmental entities. Akron has the highest residential tax rate at 63.70 mills. Cleveland and Dayton have residential property tax rates that are more than 10 mills higher than Columbus. Figure 38 compares the property tax rates of the largest metropolitan areas in Ohio.

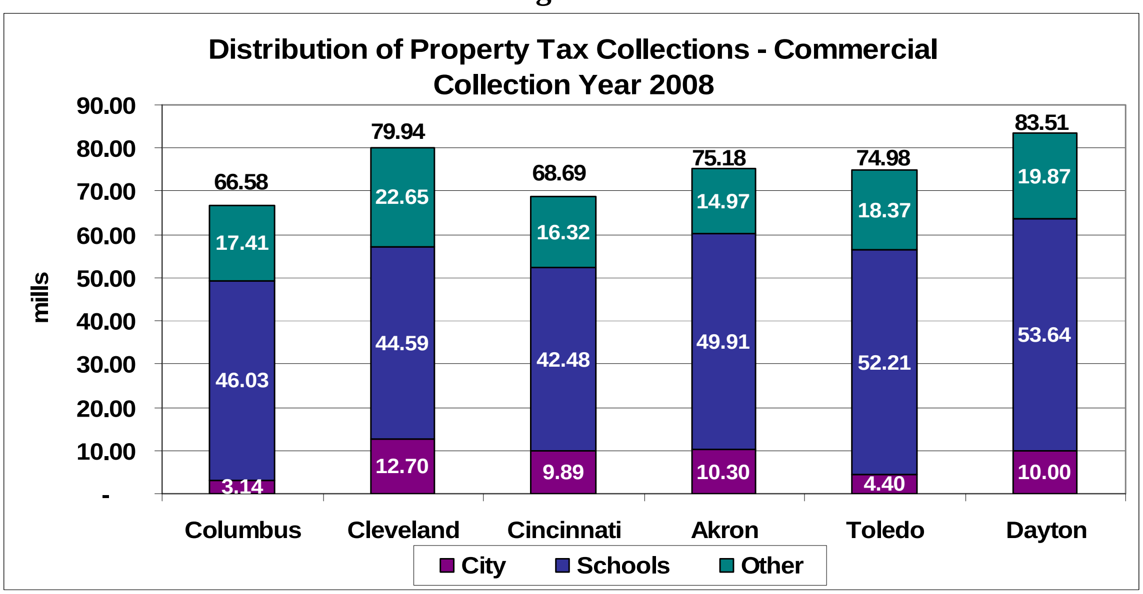
In addition to having the lowest overall residential property tax rate, Columbus also has the lowest portion of the tax going toward City services. The City receives 3.14 mills of the 50.07 mills assessment to use for General Fund spending. Cleveland and Dayton receive 12.7 mills and 10.0 mills respectively. Cincinnati receives 9.89 mills of the total 57.57 mills residential tax. Thus, Columbus not only has the lowest residential property tax rate of the major cities in Ohio, it also receives the smallest portion of the assessment being used for General Fund expenses.

Figure 38



As with residential property tax rates, the City also maintains the lowest overall commercial tax rate of the major metropolitan areas in Ohio (66.58 mills) and has the lowest millage devoted to its General Fund (3.14 mills). See Figure 39.

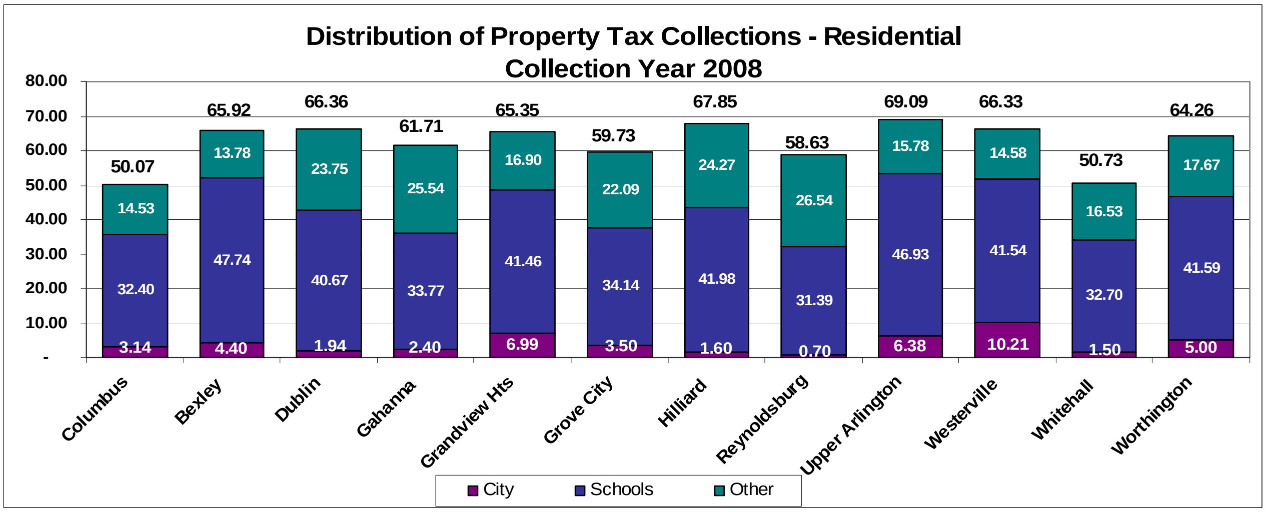
Figure 39



The City has the lowest residential and commercial property tax rates in the central Ohio area. Columbus' rate of 50.07 mills is the lowest of the 12 central Ohio cities studied. Upper Arlington and Hilliard have the highest residential property tax rates at 69.09 mills and 67.85 mills, respectively. The tax rate in Whitehall is similar to Columbus at 50.73 mills. See Figure 40.

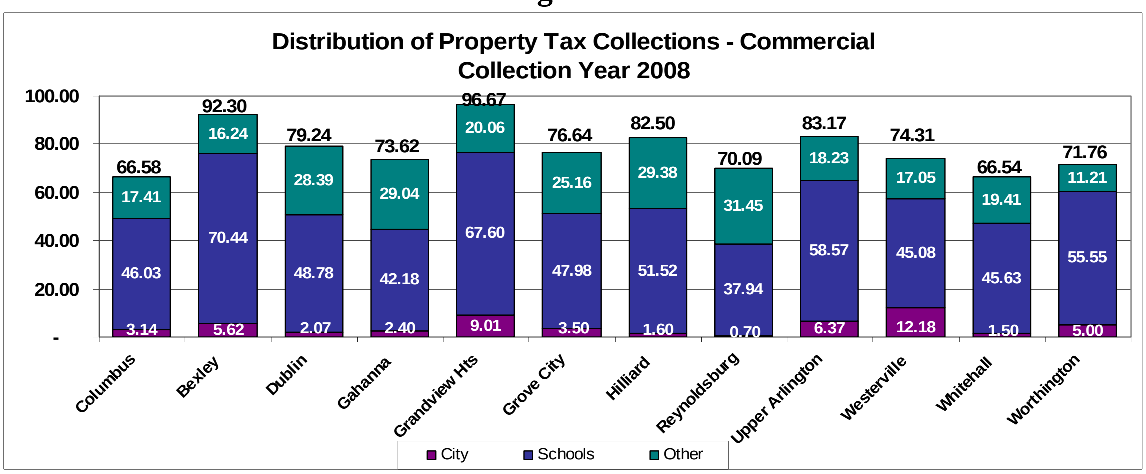
The City's share of the property tax remains at the lower end of the central Ohio communities. Reynoldsburg, Whitehall, Hilliard, Dublin, and Gahanna have lower millage rates that support the General Fund. Westerville has the highest General Fund support at 10.21 mills. Thus, when compared to central Ohio communities, Columbus again has the lowest property tax rate, but compares favorably with surrounding communities regarding the portion of the millage that supports the General Fund.

Figure 40



A comparison of the commercial property tax rates in central Ohio communities shows essentially the same pattern as the residential rate. Columbus' commercial tax rate is only slightly higher than Whitehall's, but is still one of the lowest in central Ohio. The portion of the overall tax rate that supports the General Fund continues to fall in the middle range of neighboring cities. Of note, however, is the fact that some central Ohio communities tax commercial property at a higher rate than residential property (Bexley, Dublin, Grandview Heights, Upper Arlington, and Westerville). See Figure 41.

Figure 41



In summary, the property tax rates in Columbus are favorable for attracting homeowners and businesses to the City. Columbus' property tax rates are the lowest when compared to the major metropolitan areas and to the surrounding communities. The portion of the rate that is levied by the City for General Fund support is the lowest of the major metropolitan cities and is among the lowest of the central Ohio communities.

While income tax is the lifeblood of the City, property taxes are the primary source of local funding for school districts and many County level agencies. The City has long maintained that it should not compete with these entities for voter support for property taxes, and the Committee believes that this philosophy should be maintained.

Advantages

The Committee has identified the following advantages attributable to this potential revenue source:

1. Reliability: Real property taxes do provide a very reliable source of revenue. Fluctuations from year to year are minimal and delinquency rates remain low.
2. Administrative Ease: Property tax levies are collected on behalf of the City by the County Auditor as part of their ongoing collection process.
3. Low Current Rates: The City currently has the lowest property tax rate when compared to Ohio's largest cities and other central Ohio communities. The City would remain competitive even with additional millage.

Disadvantages:

The Committee has identified the following disadvantages attributable to this potential revenue source:

1. Need for Voter Approval: Any increase in property tax beyond the City's 3.14 mill rate will require a vote of the electorate.
2. Competition for Voter Support: Local school districts and County agencies rely heavily on property tax levies as their primary source of local funding. The City has not historically competed for voters with a limited appetite for property tax increases.
3. Regressive Tax: Property taxes place a burden on residents operating on a fixed income and retirees and are not based on "ability to pay". The current mortgage crisis is already having a negative impact on homeowners. Additional expenses added to an already tight budget could result in more residents being unable to afford their homes.

4. Lack of Growth: As property values rise, millage rates are automatically rolled back to produce a consistent level of revenue. The City would only capture revenue growth associated with new construction. Over time, the City would be required to return to the voters or the structural imbalance would return.

5. Economic Development Deterrent: Columbus currently has a low property tax rate providing it with an advantage when competing for economic development projects. Any increases in property taxes would lessen Columbus' tax rate advantage and could dissuade businesses from locating in the City.

Section V

Rainy Day Fund

Rainy Day Fund

The Committee recommends that the City consider whether the current rainy day fund percentage is sufficient and recommends that replenishing the fund be a top priority.

The City created the economic stabilization fund (rainy day fund) in 1988 as a reserve for unforeseen future events that could disrupt basic City services. The goal of the fund is to maintain an amount equal to no less than five percent of the prior year's general operating fund expenditures. Annual deposits of $1 million were made to the fund in the early years. Bolstering the fund were several large deposits, including a $7 million from a refund from the Ohio Bureau of Workers Compensation, a $55.1 million payment from the Solid Waste Authority of Central Ohio in partial satisfaction of lease rental payments due the City, and nearly $10 million for pollution credits from SWACO. The fund also retained its own investment earnings.

In order to maintain basic City services in 2003 and 2004 in the wake of the 2001 recession, a total $35.2 of was transferred to the general operating fund. Transfers of $13 million in 2005 and $12 million in 2006 were also made, at points in time when the rainy day fund balance was well in excess of the 5 percent requirement, in order to ensure that basic City services could be continued in those years. Despite these transfers, the fund ended 2007 at $44.5 million, or over 7 percent of general operating fund expenditures, well in excess of the five percent goal. However, due to declining revenues, it was necessary to transfer $900,000 to the general operating fund in 2008 and it is expected that it will be necessary to transfer $28.5 million in 2009. This will bring the fund down to just over $15 million at the end of 2009.

It appears as if the five percent goal may not be sufficient to withstand the economic uncertainties of our times. Had it not been for the large one-time deposits from SWACO, the fund would have been depleted long ago. The City should research best practices in this area to assess what a prudent rainy day fund balance should be. Just as important, the City should make it a top priority to restore the fund to its required level after any use.

Section VI

Other Revenue Sources

Photo Red Light

The Committee recommends the expansion of the use of photo red light technology to more intersections in Columbus and add the ability to detect excess speed to each of the cameras. Add the use of speed detection vans in school zones.

Potential Revenue: $1- 4million

Overview

Many cities across the country are moving to the use of red light cameras to detect motorists who run red lights and/or are speeding. The City currently uses photo red light technology at 20 intersections, to monitor and ticket motorists who run red lights. The locations were chosen by police and traffic engineering staff primarily based on amount of traffic and collision history. Red light cameras are not currently being used to detect speed violations in the City.

Red light cameras constitute a "force multiplier" for the City. These cameras provide enforcement of traffic regulations 24 hours per day, 365 days per year without the need for additional police resources. The City manages and controls the program, including the site selection process. However, the vendor for the camera technology owns the equipment, so the City has no up-front or ongoing cost.

Studies show that the use of red light camera technology reduces the number of red light offenses as well as the number of accidents. The City of Albuquerque, New Mexico reported a 23 percent decrease in Level 1 trauma calls at red-light camera enforced intersections. In addition, red light violations were down by as much as 50-70 percent at the oldest red-light camera intersections. [31] In Washington, D.C., the red light camera program achieved a 59 percent reduction in red light violations at the 39 intersections where the cameras were installed. The program also resulted in a reduction in fatal red light crashes from 17 percent in 1999 to 4 percent in 2000.[32]

The City has been using photo red light technology since February, 2006. Each year, more than 1,758 persons are injured and more than 3,800 vehicles are damaged due to red light violations. Red light running costs central Ohio millions of dollars each year. It costs our nation over $7 billion on average each year.[33]

While the primary purpose of red light cameras is to reduce injuries and deaths, there are also tangential benefits to the City. First, reducing the number of accidents reduces the number of runs for police and EMS personnel who must respond to these accidents,

[31] Albuquerque Police Department, http://www.cabq.gov/police/redlight/results.html
[32] National Highway Traffic Safety Administration, http://www.nhtsa.dot.gov/people/outreach/safedige/summer2001/sum01-7.html
[33] City of Columbus, Division of Police, http://www.columbuspolice.org/

freeing up personnel and equipment. The initiative also has revenue generating capacity. In 2008, approximately $820,041 in fines was received as a result of red light citations.

Recommendation

The City has at least three options for expanding its use of Photo Red Light Technology, and the Committee has concluded that the City should seriously consider all three options.

Options for Implementation

There are essentially three components to photo red light camera implementation. All or a portion of the options can be implemented simultaneously.

Option 1: Increase the number of photo red light cameras mounted at strategic intersections in Columbus.

As more intersections are monitored by cameras, fewer accidents and fatalities will occur. Motorists are advised of the placement of the camera at the intersection and are given warnings for the first 30 days after installation. After the grace period expires, the cameras record violators, and tickets are sent to the owner of the vehicle. The fine for a red light violation is $95. Based on historical performance, each camera in use in Columbus records approximately 42 violators per month, generating about $3,750 per month (about $900,000 per year for the 20 cameras currently in use).

Option 2: Add speed detection to all photo red light cameras.

The addition of speed detection to the photo red light cameras would improve safety at the intersections and deter motorists from speeding through the light. It is estimated that the addition of speed detection to the cameras would generate up to $2.1 million per year.

Option 3: Add speed detection vans at reduced speed zones around schools.

These speed vans would deter motorists from driving with excessive speed in areas around schools. The visibility of the van will help to reduce speeding vehicles and make school crossing zones safer for our most vulnerable citizens. It is anticipated that the addition of four vans at targeted schools would produce annual revenue of up to $1.8 million.

Advantages:

1. The National Highway Traffic Safety Administration and the Insurance Institute for Highway Safety agree that the use of photo red light and speed detection cameras increase safety and reduce the number of fatalities at intersections where these cameras are used.

These cameras promote safety and, at the same time, reduce the need for police and EMS services due to a reduction in accidents.

2. There is no up-front capital cost incurred by the City to purchase or install the cameras. A private contractor installs the equipment and is responsible for their maintenance. In return, the contractor receives a portion of the revenue generated by the cameras.

Disadvantages:

1. There have been challenges to the legality of the use of cameras, citing the individual's right to privacy as a reason for invalidating the violation. This issue is currently being debated in the courts.

Admissions Tax

The Committee does not recommend imposing an admissions tax on the price of admissions to places of amusement or entertainment

Potential Revenue: $2-$6 million

Overview

Municipal corporations are permitted to levy a tax on the admission price to places of amusement or entertainment. The tax is generally charged as a percentage of the cost of entrance to entertainment events such as movies, theme parks, and professional sports. The tax cannot be imposed on admissions charged to events sponsored by public institutions (e.g., Ohio State University sporting events). In 2006, 66 Ohio municipalities charged an admissions tax, including both Cincinnati (3 percent flat rate) and Cleveland (8 percent flat rate). The large majority (49 of 66) charged a 3 percent flat rate on the price of a ticket.

The Columbus Streetcar Project Financial Plan estimates that up to $3.8 million could be generated in Columbus from a 4 percent tax on paid admissions within the streetcar benefit zone. A tax applied within a specific benefit zone was not considered by the Committee. To produce city-wide estimates, admissions tax data from Cincinnati and Cleveland were used to extrapolate possible revenue for Columbus. Using different assumptions of the proportion of Columbus' tax base as a percentage of Cleveland and Cincinnati's tax base, 2009 revenue estimates for a 4 percent tax could range from $3.7-$4.7 million. The 2009 revenue estimates are summarized in Table 42 for other tax rates.

Table 42
2009 ADMISSIONS TAX REVENUE ESTIMATES

	Columbus Tax Base as a Percent of Cincinnati and Cleveland		
Tax Rate	**70%**	**80%**	**90%**
2%	$1,828,753	$2,101,432	$2,364,111
3%	$2,758,129	$3,152,148	$3,546,166
4%	$3,667,506	$4,202,864	$4,728,222
5%	$4,596,882	$5,253,580	$5,910,277

Source: Columbus Department of Finance & Management

Advantages:

The tax will only affect those individuals who purchase tickets for amusement events. It does not apply across the board for all citizens.

Disadvantages:

The City of Columbus does not have any major NFL or MLB teams for which to warrant a sizeable tax. The City cannot tax admission to events sponsored by a public institution, so it could not charge a tax on OSU events.

Commercial Parking Tax

The Committee does not recommend the implementation of a commercial parking tax in the downtown area.

Potential Revenue: $2 - $6 million

Overview

The Ohio Revised Code provides authority for cities to assess a commercial parking tax on privately-owned parking spaces. The ORC limits the tax to a maximum of 8 percent of the fee charged for parking. The tax can be implemented in two ways: a flat fee levied on each space, or as a percentage of the operator's revenues. City-owned and state-owned parking lots and garages are exempt from the tax.

The City has an estimated 73,000 paid parking spaces within its limits. This includes surface spaces and spaces in parking garages. Assuming that the average size of a parking space is 10'x20', the total square footage of parking spaces would be 14.6 million square feet. Figure 43 calculates the potential revenue generated by imposing a $0.40/SF tax on each space.

Figure 43
Commercial Parking Tax
Per Space Basis

Citywide Parking	# Spaces	Spaces SF	Potential Annual Revenue Generated $0.40/SF
Garages	37,000	7,400,000	$2,960,000
Surface Lots	36,000	7,200,000	$2,880,000
Garage/Surface Total	73,000	14,600,000	$5,840,000

* Assumes avg. parking space is 200 SF (10' x 20')
Source: Columbus Department of Finance & Management

Annual revenue estimates are $5.8 million per year[34] for a 40¢/square foot charge. These costs would be paid by the commercial owner. The cost that would potentially be passed on to the consumer would be $80/year for a 40¢/SF charge.

An alternative method for implementing a commercial parking tax is to charge a percentage of the operator's gross revenues. Assuming that there is a 95 percent occupancy rate and the average monthly cost for a space is $75, Figure 44 estimates the revenue that would be generated.

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[34] The $5.8 million figure might be less if it exceeds eight percent of the participating parking lots' operating revenue.

Figure 44
Commercial Parking Tax
Percent of Revenue Basis

				Potential Annual Revenue Generated		
Citywide Parking	# Spaces	Spaces @ 95% occupancy	Annual Operator Revenues	6% of Commercial Operating Revenues	7% of Commercial Operating Revenues	8% of Commercial Operating Revenues
Garages	37,000	35,150	$31,635,000	$1,898,100	$2,214,450	$2,530,800
Surface Lots	36,000	34,200	$30,780,000	$1,846,800	$2,154,600	$2,462,400
Garage/Surface Total	73,000	69,350	$62,415,000	$3,744,900	$4,369,050	$4,993,200

* Assumes annual revenue is $75/mo. Or $900/yr/space for garage & surface lots; 95% occupancy
Source: Columbus Department of Finance & Management

Annual revenue estimates range from $3.7 million per year for a 6 percent charge to $5.0 million for an 8 percent charge. These costs would be paid by the commercial owner. The cost that would potentially be passed on to the consumer would be $54/year for a 6 percent charge; $63/year for a 7 percent charge; and $72/year for an 8 percent charge.

There are various ways to apply the commercial parking fee:[35]

- By zone or geographic area (for instance, heavily trafficked commercial areas and downtown might have a higher rate applied; or a tax may be applied evenly to all transactions regardless of where they occur)
- By type (for instance, to encourage higher use/compact development, tax mixed use projects and multi-level garages at a lower rate than surface lots)
- By length of stay (for instance, long term spaces may have a higher rate applied than short term parking or vice versa)
- Graduated (tax rate increases incrementally each year)

The Committee did not consider the possibility of applying a commercial parking tax using a benefit district approach.

Comparison to Other Cities

Many large metropolitan cities impose commercial parking taxes. In Ohio, the City of Cleveland applies a parking tax of 8 percent. This tax was implemented in 2005, generates $10 million, and is used to fund the Brown's football stadium. In Cincinnati,

[35] Columbus Department of Finance & Management

the City's Parking Facilities Division manages five garages and the City's parking meters. The City receives all revenue generated from these spaces.[36]

The City of Pittsburgh has the highest parking tax in the nation at 45 percent. The parking tax generated $52 million in 2006. The City plans to reduce the parking tax by five percent each year. The City of Baltimore has a 12 percent tax on daily and weekly transactions, and a $15 flat fee on monthly transactions. This tax is estimated to generate $4.5 million in 2009. Seattle applies a 7.4 percent tax to all parking transactions. Revenues generated are earmarked for transportation projects.[37]

Advantages:

1. The City would be able to capture revenue from non-residents as well as residents who are visiting the City for work or social events.

Disadvantages:

1. A commercial parking tax applied downtown would discourage citizens from coming downtown for recreation and shopping because of the increased cost. A parking tax goes against the City's efforts to revitalize downtown and discourages downtown development. A commercial parking tax only serves to make living in and visiting Columbus more expensive.
2. Downtown Columbus has had a higher vacancy rate in its office buildings than the vacancy rate in outlying areas in recent years. One of the main reasons put forth by building owners and developers for the high vacancy rate is the lack of affordable parking in the core City. The City is currently developing two downtown garages which are intended to increase the supply of affordable parking. Imposing a tax on parking throughout the downtown flies in the face of this initiative.

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[36] Columbus Department of Finance & Management
[37] Columbus Department of Finance & Management

Car Rental Tax

The Committee considered, but is not recommending, a daily rental car tax for non-residents who purchase short-term rentals.

Potential Revenue: $6 million

Overview

Eight of the twenty largest cities in the country have some kind of vehicle leasing tax, with several specifically limiting the tax to short-term rentals. Philadelphia, Phoenix, and San Diego tax rentals of 29-31 days or less. Some cities charge a flat dollar fee per rental (Chicago) or per day (Houston), while some levy the tax on a percentage of revenue (Austin). Although the tax is sometimes devoted to paying the debt service for a particular facility (Dallas), its use in whole or in part for a General Fund is also contemplated (Phoenix, Boston). Among Ohio cities, Cleveland has a $6 per day vehicle lease tax for which the proceeds, although deposited in the General Fund, are pledged to support debt service on the Cleveland Browns stadium to the extent needed.

In 2000, there were eight rental car companies operating out of Columbus International Airport, with gross revenues of slightly over $75 million based upon 475,000 transactions, or approximately $158 per transaction. A $10 per transaction fee would add 6.3 percent to the average transaction and produce $4.8 million in revenue, which conservatively inflated would yield $6 million today. A percentage charge has the advantage of rising with inflation and not requiring periodic tax legislation, but may be an impermissible sales tax in Ohio.

Advantages:

1. Modest charges of the foregoing nature should not discourage the rental of cars in favor of alternative forms of transportation. Costs of administration of a new tax should be very manageable if the tax is simple in concept and the collection points are the relatively small number of rental car operations. Perhaps the biggest positive is that the impact of the tax is shifted to visitors to the City, who benefit from such services as police protection but do not pay the income tax which supports it.

Disadvantages:

1. Columbus already has a relatively high bed tax, and the addition of a car rental tax could add to the perception that Columbus is an expensive city to visit, negatively affect the number of visitors to the City.

2. The car rental tax was pursued in 2002 and was rejected by the voters by referendum. Since the proposed tax was challenged and defeated, it would now have to be approved by the voters. Considering that the amount of revenue that would be generated would not substantially impact the structural imbalance, and the fact that there was strong voter rejection of the proposal at its earlier attempt, the Committee feels that this proposal should not be pursued at this time.

Special Assessments

The Committee examined the possible implementation of Special Assessments to offset the costs of providing certain City services. The Committee discovered that that the vast number of services eligible for such funding are not supported by the City's General Fund.

Overview

Chapter 133.13 of the Ohio Revised Code authorizes municipalities to issue securities "in anticipation of levy or collection of special assessments to pay costs of lighting, sprinkling, sweeping, cleaning and providing related or similar services". Assessments may be levied for the removal of snow, ice or debris or treating the surface of streets, alleys, and public ways and places.

Special Assessments for the provision of services is not a widely used financing vehicle in the State of Ohio. Toledo is probably the most prolific user of Special Assessments to support operations. The City passed ordinances in 2008 providing for Assessments in 2009 of over $29.5 million. The purposes included:

- Sprinkling, sweeping, cleaning and snow removal services
- Street lighting
- Planting, maintaining, trimming and removing shade trees in and along the public rights of way
- Surface treatment program for unimproved streets.

The Department of Finance and Management reviewed the City services that would be eligible for Special Assessments and found that these services are currently being funded by sources other than the City's General Fund (primarily Street Construction, Maintenance and Repair Fund and certain City utility funds). Since this Committee is examining only the General Fund budget imbalance, it did not pursue Special Assessment funding further.

Section VII

Appendices

Attachment A

Selected GF Fees and Charges

Division Levying Fee	Fee Description	Fee Set By	Action Needed to Change Fee	2008	Date of last increase
City Attorney	Prosecution charges to other governments	City Atty/City Council	Passage of City ordinance	1,045,433	2007
City Auditor	Tax collection fees to other governments	Income Tax division		381,079	Based on % collections and number of transactions
Parking Violations	Parking meter fees	Service Director	Approval of Service Director w/ notice to Council	3,488,462	1998 for all zones except downtown 2 hours meters (2006)
Parking Violations	Parking ticket fines	City Council	Approval of City Council	5,766,005	2008
Muni Court Clerk	Costs-civil cases (small claims court)	Court Rule	Approval of Muni Court Judges	6,092,801	2005
Muni Court Clerk	Criminal/ traffic court costs	Court Rule	Approval of Muni Court Judges	5,323,860	2005
Muni Court Clerk	Criminal/traffic fines	Court Rule	Approval of Muni Court Judges	3,337,609	2002
Public Safety Administration	Various public safety license fees	City Council	Approval of City Council	1,312,430	2003
Police	Auto impound fees	City Council	Approval of City Council	2,106,570	2008
Police	Impounded auto storage fees	City Council	Approval of City Council	1,055,210	2008
Fire	Fire prevention inspection fees	City Council	Approval of City Council	1,282,260	2007
Fire	Fire protection charges- other governments	Public Safety Director	Approval of Safety Director	1,524,754	Bexley is updated annually
Fire	EMS Billing	Public Safety Director	Approval of Finance and Management Director	12,389,079	Original rates set in 2002, updated in 2008
Public Safety Administration	Weights and measures (City Sealer)	City Council	Approval of City Council	330,138	2003
Public Safety Administration	Charges for radio repairs	Public Safety Director	Approval of Safety Director	396,393	Jun-05
Technology	Video Service Provider Fee (aka cable fee)	Ohio Revised Code	State legislative action	7,723,233	
Non-Division Specific	Pro rata Charges for administrative services	City Council	Approval of City Council	24,602,310	1997, from 4 percent to 4.5 percent
Recreation and Parks	Adult sports charges	Rec & Parks Commissio	Approval of Rec & Parks Commission	841,452	2009
Recreation and Parks	Senior center charges	Rec & Parks Commissio	Approval of Rec & Parks Commission	62,135	2004
Recreation and Parks	Boat dock charges	Rec & Parks Commissio	Approval of Rec & Parks Commission	193,640	2009
Recreation and Parks	Pool charges	Rec & Parks Commissio	Approval of Rec & Parks Commission	61,247	No charge
Recreation and Parks	Rentals	Rec & Parks Commissio	Approval of Rec & Parks Commission	66,141	2002
Recreation and Parks	Arts and Crafts Center	Rec & Parks Commissio	Approval of Rec & Parks Commission	182,835	N/A
Recreation and Parks	Gym Rentals-Adult Sports	Rec & Parks Commissio	Approval of Rec & Parks Commission	354,306	2009
Recreation and Parks	Fees - Big Camp	Rec & Parks Commissio	Approval of Rec & Parks Commission	221,800	2009
Recreation and Parks	Shelterhouse Rentals	Rec & Parks Commissio	Approval of Rec & Parks Commission	422,683	2009
Health	Food service operation lic. 3732 RC	Cols. Board of Health	Approval of Cols. Board of Health	1,452,166	2009
Health	Swimming pool license fee	Ohio Revised Code	Approval of Ohio Legislature	221,490	2002
Health	Birth certificate copy 3705 0RC	Ohio Revised Code	Approval of Ohio Legislature	751,901	2005
Health	Death certificate copy 3705 0RC	Ohio Revised Code	Approval of Ohio Legislature	531,815	2005

Comparison of Top 25 US Cities - Use of Resources by Police Departments

City	Annual GF Police Budget per Resident (2007 Census)	Pop. Rank (2007 Census)	July 1, 2007 Est. Census Population	Current Square Miles	Number of Budgeted Uniformed Police Personnel	Number of Budgeted FT Civilian Police Personnel	Ratio of Police Officers per 1000 Population	Ratio of Police Officers per Square Mile	Annual GF Police Budget	Notes	Source/Additional Notes
Philadelphia	$504.60	6	1,449,634	135	6,624	884	4.57	49.07	$731,489,506	Fringe benefits for Police personnel (as well as all GF employees) are budgeted in Finance. Approx. amts. supplied by Philly budget office were added to each budget.	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Operating Budget; phone calls to Finance
Baltimore	$466.88	20	637,455	92	3,102	625	4.87	33.68	$297,613,951	In addition to the Police personnel #s provided, Baltimore employs 145 officers and 55 civilians funded by non-GF; 51 of these 55 Police civilians are funded by a special revenue fund for 911 ops through a telephone tax.	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget; phone calls. Budget numbers do not include City's pension liability, as these are budgeted separately (and not readily accessible).
San Francisco	$464.82	14	764,976	49	2,491	357	3.26	50.84	$355,573,139	Personnel #s do not include civilians or officers funded by non-GF sources (grants, etc.). Number of employees from the 07-08 SF Annual Salary Ordinance and does not include port, airport or grant-funded positions.	Based on 2007-2008 (July 1, 2007-June 30, 2008) Consolidated Budget; 2007-2008 Annual Salary Ordinance
Detroit	$463.76	11	916,952	140	3,318	378	3.62	23.70	$425,242,068		Based on 2007-2008 (July 1, 2007-June 30, 2008) Proposed Budget
Boston	$447.72	23	599,351	47	2,363	863	3.94	49.96	$268,341,282		Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget
Chicago	$433.82	3	2,836,658	228	13,486	2,608	4.75	59.15	$1,230,600,609	Police budgets and personnel numbers include personnel assigned to both airports and their corresponding funds (Midway Airport and Chicago-O'Hare International Revenue Funds).	Based on 2008 (Jan. 1 - Dec. 31, 2008) Recommended Budget; Phone calls
New York	$430.48	1	8,274,527	322	35,624	10,362	4.31	110.63	$3,561,995,428		Based on Comptroller's Comments on the Adopted Budget for FY2008...; 2008 (July 1, 2007-June 30, 2008) Adopted Budget.
Jacksonville	$400.17	12	805,605	841	1,665	1,337	2.07	1.98	$322,379,936	Jacksonville Police Dept. is under the Office of the Sheriff (which includes Duval Co).	Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Annual Budget; other City web pages
Seattle	$364.65	24	594,210	84	1,326	547	2.23	15.80	$216,681,234		Based on 2008 (Jan 1 - Dec. 31, 2008) Adopted Budget; e-mail to Finance
Milwaukee	$357.84	22	602,191	96	1,876	854	3.12	19.52	$215,487,472	In addition to these personnel #s, there are 225 POs & 48 Police civilians funded by grants.	Based on 2008 Adopted (Summary & Detail) Budget (Jan. 1-Dec. 31, 2008)
Columbus	$339.57	15	747,755	227	1,927	370	2.58	8.49	$253,917,594		Based on 2008 (Jan. 1-Dec. 31, 2008) Adopted Budget
Dallas	$323.32	9	1,240,499	385	3,497	556	2.82	9.09	$401,072,468	City of Dallas does not offer a pension pick up benefit for any of its employees; insurance rate is $3,654 per employee per year (Columbus Police is $11,803 for 2008)	Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Adopted Budget; phone calls to Dallas
Phoenix	$319.73	5	1,552,259	517	3,234	1,205	2.08	6.26	$496,309,000	Police budget #s include amounts in the Public Safety Enhancement Fund and the Fire and Police Neighborhood Protection Fund (collect the revenue from voter-approved sales tax).	Based on 2007-2008 (July 1, 2007-June 30, 2008) Operating Budget
San Diego	$310.77	8	1,266,731	331	2,127	692	1.68	6.43	$393,664,599	Police's budget includes Unlicensed Driver Vehicle Impound Fees Fund.	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget; SDFD webpage;
Los Angeles	$303.64	2	3,834,340	471	10,466	3,778	2.73	22.22	$1,164,257,767		Based on 2007-2008 (July 1, 2007-June 30, 2008) Adopted Budget
San Jose	$299.12	10	939,899	178	1,366	400	1.45	7.68	$281,142,125		Based on 2007-2008 (July 1, 2007-June 30, 2008) Adopted Budget
Austin	$295.62	16	743,074	272	1,515	612	2.04	5.57	$219,669,973		Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Approved Budget
Memphis	$286.93	18	674,028	296	2,018	651	2.99	6.82	$193,398,000	Fleet maintenance, health insurance, & mail/printing are not included in Police budget (they are in an internal services fund).	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget
Houston	$272.56	4	2,208,180	617	5,133	1,239	2.32	8.32	$601,868,946		Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget
Charlotte	$268.26	19	671,588	287	1,637	482	2.44	5.70	$180,158,087	The Police Dept. is the Charlotte-Mecklenburg PD with jurisdiction covering 450 sq.mi.	Based on 2009 Proposed Budget (adopted June 2008; July 1, 2008-June 30, 2009); phone calls
Indianapolis	$260.19	13	795,458	362	1,740	405	2.19	4.81	$206,969,657	In Jan. '07, IPD consolidated with law enforcement section of Marion Co. Sheriff and the IFD took over 2 of Marion Co.'s 9 townships; Police civilian # includes 23 school crossing guard and 62 county forensic services agency personnel.	Based on 2008 Adopted Budget (Jan 1-Dec. 31, 2008) and phone call to Budget Officer 06/23/08. Budgeted amts. include Police/Fire Pension Trust Funds (in 1977, administration of pensions shifted to the state of Indiana--these funds include both pension payments for personnel hired before 1977 & current payments to the state pension board).
Nashville-Davidson	$255.95	25	590,807	533	1,305	391	2.21	2.45	$151,218,400	Nashville-Davidson is divided into 2 service districts by City Charter: the General Service District (GSD) and the Urban Service District (USD). Figures displayed are combined service districts with the following GF breakdowns: GSD: $150,737,400 USD: $481,000. The GSD is 533 square miles; the USD is 169 square miles.	Based on Nashville/Davidson County 2007-2008 (Jul 1, 2007-June 30, 2008) Operating Budget. The Davidson County Sheriff's Office (DCSO) and the Nashville PD are separate entities, but DCSO has no law-enforcement responsibilities. The DCSO operates in corrections and civil processes only, and therefore is not comparable to City of Columbus Police. The DCSO staffing and budget numbers are not included. There are an additional 7 police officers funded by grant or special revenue funds (these were not included).
Fort Worth	$231.36	17	681,818	344	1,483	176	2.18	4.31	$157,743,460		Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Adopted Budget
San Antonio	$219.85	7	1,328,984	503	2,185	590	1.64	4.34	$292,172,198	Another 17 officers supported by grant funding. Police's budget of $292 m includes $2 m from Child Safety Fund (fees on parking tickets, school-zone violations, vehicle registrations) which is used primarily for the school crossing guard program.	Based on 2008 (October 1, 2007-Sept. 30, 2008) Adopted budget

Appendix B

Comparison of Top 25 US Cities - Use of Resources by Fire Departments

City	Annual GF Fire Budget per Resident (2007 Census)	Pop. Rank (2007 Census)	July 1, 2007 Est. Census Population	Current Square Miles	Number of Fire/EMS Stations	Number of Budgeted Uniformed Fire/EMS Personnel	Number of Budgeted FT Civilian Fire/EMS Personnel	Ratio of Fire/EMS Personnel per 1000 Population	Ratio of Firefighters/EMS per Square Mile	Annual GF Fire/EMS Budget	Notes	Source/Additional Notes
Boston	$452.15	23	599,351	47	35	2,032	83	3.390	42.960	$270,994,960	Boston's EMS program is staffed by 351 civilian personnel in the Health Dept.; Fire uniformed number includes these 351; Fire budget includes Health's EMS budget. Fire: $159,616,291, EMS: $11,378,669.	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget; Boston Fire website
San Francisco	$315.81	14	764,976	49	42	1,650	77	2.157	33.673	$241,584,331	Personnel numbers do not include civilians, officers, FFs funded by non-GF sources (grants, etc.). Number of employees from the 07-08 SF Annual Salary Ordinance and does not include port, airport or grant-funded positions.	Based on 2007-2008 (July 1, 2007-June 30, 2008) Consolidated Budget; 2007-2008 Annual Salary Ordinance
Columbus	$255.70	15	747,755	227	32	1,550	51	2.073	6.828	$191,198,369		Based on 2008 (Jan. 1-Dec. 31, 2008) Adopted Budget
Seattle	$247.75	24	594,210	84	33	1,084	74	1.824	12.920	$147,217,389		Based on 2008 (Jan 1 - Dec. 31, 2008) Adopted Budget; Seattle Fire website; emails to Finance
Baltimore	$225.98	20	637,455	92	39	1,751	45	2.747	19.012	$144,050,091		Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget; phone calls. Budget numbers do not include City's pension liability, as these are budgeted separately (and not readily accessible). The City's 2008 obligation for Fire pension was 6% (in comparison to Columbus's 24% and 6.5/7% pick up). Fire benefits do not include sick leave reciprocity, holiday worked pay, or Kelly Days. Paramedic differential is 2.8% (Columbus is 8%). Fire Budget includes $10.7 from EMS Special Revenue Fund.
Memphis	$220.22	18	674,028	296	56	1,654	235	2.454	5.588	$148,432,830	Fleet maintenance, health insurance, & mail/printing are not included in Fire's budget (they are in an internal services fund).	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget
Austin	$215.20	16	743,074	272	42	1,471	139	1.980	5.412	$159,913,235	Fire budget & personnel #s include both fire and EMS.	Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Approved Budget
Detroit	$201.54	11	916,952	140	46	1,479	56	1.613	10.564	$184,801,899	Of the 1,479 FF/EMS employees, 308 are civilian EMS personnel.	Based on 2007-2008 (July 1, 2007-June 30, 2008) Proposed Budget
Nashville-Davidson	$194.43	25	590,807	533	38	1,139	43	1.928	2.137	$114,872,700	Nashville-Davidson is divided into 2 service districts by City Charter: the General Service District (GSD) and the Urban Service District (USD). Figures displayed are combined service districts with the following GF breakdowns: GSD: $49,853,300, USD: $65,019,400. The GSD is 533 square miles; the USD is 169 square miles.	Based on Nashville/Davidson County 2007-2008 (Jul 1, 2007-June 30, 2008) Operating Budget.
Philadelphia	$187.63	6	1,449,634	135	62	2,315	110	1.597	17.148	$271,995,482	Fringe benefits for Fire personnel (as well as all GF employees) are budgeted in Finance. Approx. amts. supplied by Philly budget office were added to each budget.	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Operating Budget; Fire Dept. webpage; phone calls to Finance
Jacksonville	$179.99	12	805,605	841	56	1,234	75	1.532	1.467	$144,997,511	Fire and EMS are combined, with sworn paramedics.	Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Annual Budget; FD webpage; other City web pages
Houston	$175.61	4	2,208,180	617	90	3,971	286	1.798	6.436	$387,774,711		Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget; Fire webpage
Chicago	$172.69	3	2,836,658	228	101	5,060	136	1.784	22.193	$489,862,377	Fire budget and personnel numbers include personnel assigned to both airports and their corresponding funds (Midway Airport and Chicago-O'Hare International Revenue Funds).	Based on 2008 (Jan. 1 - Dec. 31, 2008) Recommended Budget; Phone calls
Phoenix	$169.91	5	1,552,259	517	55	1,651	389	1.064	3.195	$263,738,000	Fire budget #s include amounts in the Public Safety Enhancement Fund and the Fire and Police Neighborhood Protection Fund (collect the revenue from voter-approved sales tax).	Based on 2007-2008 (July 1, 2007-June 30, 2008) Operating Budget
Indianapolis	$169.34	13	795,458	362	34	1,014	89	1.275	2.805	$134,701,166		Based on 2008 Adopted Budget (Jan 1-Dec. 31, 2008) and phone call to Budget Officer 06/23/08. Fire/EMS includes services to the 2 consolidated townships--rest of city, Fire responds to emergencies & calls hospitals for transport; Budgeted amts. include Police/Fire Pension Trust Funds (in 1977, administration of pensions shifted to the state of Indiana--these funds include both pension payments for personnel hired before 1977 & current payments to the state pension board).
Dallas	$165.97	9	1,240,499	385	56	1,758	198	1.417	4.569	$205,889,000	City of Dallas does not offer a pension pick up benefit for any of its employees; insurance rate is $3,654 per employee per year (2008 Columbus Fire is $12,205 for 2008)	Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Adopted Budget; phone calls to Dallas
Milwaukee	$162.69	22	602,191	96	36	1,094	49	1.817	11.384	$97,968,286	In addition to these personnel #s, there are 2 FFs and 1 Fire civilian funded by grants.	Based on 2008 Adopted (Summary & Detail) Budget (Jan. 1-Dec. 31, 2008); Fire website
New York	$157.56	1	8,274,527	322	251	14,371	1,622	1.737	44.630	$1,303,739,273	Data indicates that EMS personnel (approx. 3,107) are not trained firefighters.	Based on Comptroller's Comments on the Adopted Budget for FY2008...; NYFD webpage; 2008 (July 1, 2007-June 30, 2008) Adopted Budget.
San Antonio	$152.84	7	1,328,984	503	50	1,564	106	1.177	3.109	$203,119,222		Based on 2008 (October 1, 2007-Sept. 30, 2008) Adopted budget
San Diego	$147.32	8	1,266,731	331	47	959	265	0.757	2.898	$186,611,066	Fire budget includes nearly $7 m from the EMS Fund, but not $1.7 m from the Fire & Lifeguard Facilities Fund.	Based on 2008 (July 1, 2007-June 30, 2008) Adopted Budget; SDFD webpage;
Fort Worth	$143.00	17	681,818	344	40	853	47	1.251	2.480	$97,499,456	FFs are EMT-B; dept. operates as 1st responder with patient transport provided by 3rd party contractor.	Based on 2007-2008 (Oct. 1, 2007-Sept. 30, 2008) Adopted Budget
San Jose	$142.98	10	939,899	178	30	758	111	0.806	4.263	$134,390,115		Based on 2007-2008 (July 1, 2007-June 30, 2008) Adopted Budget
Los Angeles	$137.80	2	3,834,340	471	106	3,594	346	0.937	7.631	$528,388,876		Based on 2007-2008 (July 1, 2007-June 30, 2008) Adopted Budget; LAFD webpage
Charlotte	$133.23	19	671,588	287	38	965	118	1.437	3.362	$89,472,849	Fire acts as 1st responders to EMS emergencies, but the Co. provides EMS services.	Based on 2009 Proposed Budget (adopted June 2008; July 1, 2008-June 30, 2009); phone calls; Mecklenburg Co MEDIC website
El Paso	$113.49	21	606,913	251	35	895	81	1.474	3.567	$68,877,904	In addition to the FF & civilian #s provided, El Paso has 31 airport & 2 grant-funded FFs and 1 airport & 1.5 grant-funded civilian personnel; recently, Fire began training FFs to be EMT-P certified.	Based on 2008 (Sept. 1, 2007-Aug. 31, 2008) Adopted Budget; phone calls

Public Pension Comparison - State Of Ohio

Public Pension System Comparison Civilian Employees			
Entity	Covered Employees	Employer Pick-Up	# Employees Receiving Benefit
City of Columbus	All Civilian	10.0%	4,415
City of Toledo	AFSCME Local 7	10.0%	900
	AFSCME Local 2058	8.5%	250
	Teamsters	8.5%	250
	Exempt Employees	8.5%/5%	150
Lucas County	AFSCME 267	10.0%	35
City of Dayton	City Manager	10.0%	1
Montgomery County	MRDD Superintendent	10.0%	1
City of Youngstown	Management, USW Local 2163, AFSCME Local 2312B, AFSCME Local 2726	10.0%	499
	911 Dispatchers Local 282, Teamsters Local 377	8.5%	46
	AFSCME Local 2312	9.5%	96
Mahoning County	Comm Wkr of Amer	0.0%	13
	Soil & Water	0.5%	6
	Mah Dev Ed Assoc	1.0%	130
	FOP Civilan & Law Enforcement	3.0%	302
	various dept	5.0%	26
	Coroners	5.75%	6
	AFSCME #2001	8.5%	186
	AFSCME #1156	9.0%	30
	AFSCME #3577, AFSCME #2533, Sanitary Engineer, UAW, Teamster #377, various dept	9.5%	282
	AFSCME #3759AFSCME #3856, AFSCME #1156, Comm Wkr of Amer, Teamster #377, Juvenile Court, Probate Court, Drug & Alcohol, Prosecutors, Children Services, Common Pleas Court, Somestic Relations, Clerk of Courts, Bd. Of Elections, various dept	10.0%	667
City of Cincinnati	All (1)	N/A	N/A
Hamilton County	All	N/A	N/A
City of Cleveland	All	N/A	N/A
Cuyahoga County	All	N/A	N/A
State of Ohio		N/A	N/A

(1) Certain employees are exempt including elected officals, persons in the building crafts, employees who were members of another public pension system before joining the city, etc.

Public Pension System Comparison Police and Fire Employees			
Entity	Covered Employees	Employer Pick-Up	# Employees Receiving Benefit
City of Columbus	FOP	7.50%	1,900
	IAFF Local #67	7%	1,534
City of Toledo	Police & Fire	10.00%	1,159
City of Cleveland	Police & Fire	N/A	N/A
City of Dayton	Police & Fire	N/A	N/A
City of Youngstown	Police Chief & Fire Chief	10%	2
	All Other Uniformed	N/A	N/A
City of Cincinnati	Police & Fire	N/A	N/A

Public Pension Comparison – Other States

Public Pension System Comparison
Civilian Employees

Entity	Employees Covered	Retirement System	Employer Share	Employee Share	Employer Pick-Up
Columbus, OH	All Civilian	Ohio Public Employees' Retirement System	14%	10%	100%
Baltimore, MD	All	Baltimore Employee Retirement System	12.61%	0%	100%
Detroit, MI	All	Retirement Systems City of Detroit	9.96%	0%	100%
Louisville, KY	non-hazardous	Kentucky Retirement Systems	13.50%	5%	0%
	hazardous		29.50%	8%	0%
	Note: Employer contribution rate is lower than the actuary's recommended rates of 15.58% and 29.5% respectively.				
Phoenix, AZ	All	City of Phoenix Employees' Retirement Plan	11.78%	5%	0%
	Middle Management & Executives		plus 0.5% contribution to the 401(a) account; employees can contribute up to $46,000/year		
San Diego, CA	Non-Safety - General	San Diego City Employees Retirement Fund	22.81%	8.00% - 14.21%	3.2% - 3.4%
	Non-Safety - Elected		45.94%	9.05%	5.89%
	Note: Employee contribution rate is based on age of entry into the SDCERS; pick-up rate is based on bargaining unit and employee classification				
Pittsburgh, PA	All employees hired pre-1986	Comprehensive Municipal Pension Trust Fund	$38,126,944 inclusive of P&F	4%	0%
	All employees hired 1986 and beyond			5%	0%
Indianapolis, IN	All	Public Employees Retirement Fund	6.30%	3%	100%

Public Pension System Comparison
Police & Fire

Entity	Employees Covered	Retirement System	Employer Share	Employee Share	Employer Pick-Up
Columbus, OH	Police	Ohio Police & Fire Pension Fund	19.5%	10%	7.50%
	Fire		24%	10%	7%
Baltimore, MD	Police & Fire	Baltimore Police & Fire Pension System	16.52%	6%	0%
Detroit, MI	Police & Fire	Retirement Systems City of Detroit	26.71%	5%	0%
Louisville, KY	hazardous	Kentucky State Police & Retirement System	30.01%	8%	0%
	non-hazardous		10.01%	5%	0%
Phoenix, AZ	Police & Fire	Arizona Public Safety Personnel Retirement System	13.80%	7.65%	0%
	Note: The City also contributes 2.18% of gross salary to a 401(a) plan; employees can contribute up to $46,000/year				
San Diego, CA	Safety -Police	San Diego City Employees Retirement Fund	40.08%	11.86% - 16.97%	4.10%
	Safety - Fire		43.54%	11.55% - 16.66%	2.4% - 4.3%
	Safety - Lifeguards		37.14%	11.20% - 16.31%	3.3% - 4.3%
Pittsburgh, PA	Police & Fire without spouses	Comprehensive Municipal Pension Trust Fund	$38,126,944 inclusive of	6.50%	0%
	Police & Fire with spouses			6.00%	0%
Indianapolis, IN	Police & Fire	1977 Police & Fire	21%	6%	0%

Appendix E

Comparison of State, County & Municipal Tax Rates

	State Taxes		County Taxes		Municipal Taxes	
	Income(1)	Sales(2)	County	Sales	Income	Sales
Raleigh, NC	6 - 7.75%	4.50%	Wake	2.25%	n/a	n/a
Austin, TX	0%	6.25%	Travis	n/a	0%	1.00%
Charlotte, NC[1]	6 - 7.75%	4.50%	Mecklenburg	2.75%[2]	n/a	n/a
Jacksonville, FL	0%	6.00%	Duval	1.00%	0.00%	Combined Government
Nashville, TN	0%	7.00%	Davidson	2.25%	n/a	Combined Government
Portland, OR	5 - 9%	0.00%	Multnomah[3]	n/a	n/a	n/a
Indianapolis, IN	3.4%	7.00%	Marion	City & County could not provide. Dept of Rev says there is none.	City & County could not provide. Dept of Rev says there is none.	
Kansas City, MO	1.5 - 6%	4.23%	Jackson	1.13%	n/a	2.38%
			Clay	0.88%		
			Cass	1.75%		
			Platte	1.38%		
Minneapolis, MN	5.35 - 7.85%	6.50%	Hennepin	0.15%	n/a	0.75%
Louisville, KY	2 - 6%	6.00%	Jefferson	1.45%	2.00%	n/a
Cincinnati, OH	0.62 - 6.24%	5.50%	Hamilton*	1.00%	2.00%	n/a
Chicago, IL	3%	6.25%	Cook	2.75%	n/a	1.25
San Diego, CA	1 - 9.3%	7.75%	San Diego	1.50%	n/a	0.75%
Milwaukee, WI	4.6-6.75%	5.00%	Milwaukee	0.56%	n/a	0.56%
Cleveland, OH	0.62 - 6.24%	5.50%	Cuyahoga	2.25%	2.00%	n/a
Columbus, OH	0.62 - 6.24%	5.50%	Franklin*	1.25%	2.00%	n/a

1 According to department of revenue for NC, Sales tax for the city and county depends on the population

2 Includes a .5% transit tax (Mecklenburg)

3 Multnomah County personal income tax is at three-year measure. The tax is 1.25% levy on the Oregon taxable income of Multnoma

* Franklin & Hamilton Counties include a transit tax

HUGH J. DORRIAN
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614/645-7615

ROBERT L. MCDANIEL
DEPUTY CITY AUDITOR
FAX 614/645-8444

CITY OF COLUMBUS
OHIO

90 WEST BROAD STREET
COLUMBUS, OHIO 43215

November 3, 2008

Mayor Michael B. Coleman
President Michael Mentel, and
Members of Council
City Hall
Columbus, OH 43215

Dear Mayor Coleman, President Mentel, and Members of Council:

Available Resources for the City of Columbus General Operating Fund for calendar year 2009 are estimated to be

$643,535,000.

There is no carry over amount anticipated from 2008 and therefore, none is included in the above amount. It should be noted the actual amount carried over from 2007 into 2008 was $17.277 million.

The above amount includes a transfer of $28.500 million from the City's Economic Stabilization (Rainy Day) Fund. After an estimated use of $4.400 million of the Rainy Day Fund in 2008 and $28.500 million in 2009, the remaining balance in the Rainy Day Fund will be $11.580 million.

Please feel welcome to call me if you should have questions.

Very truly yours,

Hugh J. Dorrian

Hugh J. Dorrian
City Auditor

HJD/jm

City of Columbus
General Fund
Estimate of Available Resources
For Calendar Year 2009

Taxes:		
Income tax (Note 1)	$ 393,200,000	
Property tax (Note 2)	51,500,000	
Kilo Watt Hour tax equivalent (Note 3)	3,400,000	
Hotel-Motel Tax (Note 4)	3,700,000	
		451,800,000
Shared revenues:		
Local community funds via County (Note 5)	39,800,000	
Local government funds via State (Note 5)	7,620,000	
Estate tax	8,500,000	
Liquor permit fees and other	1,070,000	
		56,990,000
Investment earnings (Note 6)		17,000,000
Charges for services:		
Administrative charges to non-general fund divisions (Note 7)	24,700,000	
Parking meters, lots and permits	3,450,000	
Fire division including EMS fees (Note 8)	15,100,000	
Police division (Note 9)	7,400,000	
All other charges for services (Note 10)	3,400,000	
		54,050,000
Fines, forfeitures, and penalties:		
Municipal court (Note 11)	15,800,000	
Parking violations bureau (Note 11)	6,550,000	
		22,350,000
Licenses and permit fees:		
Safety and others (Note 12)		9,250,000
All other receipts (Note 13)		2,398,000
Total estimated current revenues for current year 2009		613,838,000
Estimated unencumbered fund balance at December 31, 2008 (Note 14)		-0-
Estimated prior years' encumbrance cancellations		1,197,000
Total estimated available resources for calendar year 2009 prior to adoption of necessary legislation		615,035,000
Increases dependent on timely adoption of necessary legislation:		
• Transfer of monies from Economic Stabilization "Rainy Day" Fund (Note 15)		28,500,000
Total estimated available resources for calendar year 2009		$ 643,535,000

Page 1 of 3

City of Columbus
General Fund
Estimate of Available Resources
For Calendar Year 2009
continued

Note 1 Income tax collections for 2009, after providing for refunds to taxpayers, are estimated at $524.266 million. One fourth of the collections will be deposited to a debt service fund, more commonly known as the "income tax set-aside" fund. The remaining three fourths of the collections, approximately $393.200 million, will be deposited to the City's General Fund.

Note 2 The City's share of taxes collected in 2009 attributable to real, personal, and public utility properties is estimated at $51.500 million, net of an estimated $1.2 million retained by the counties and the state for certain of their costs. Amounts paid directly to the City from the State of Ohio, known as "rollbacks", are included herein. The City must use .60 mills of this tax toward the partial payment of police and fire pension costs.

Note 3 Beginning in 2001 a tax was permitted to be levied on users of electricity provided by the City's Division of Electricity. Known as the kilo watt hour (kWh) tax, state statutes provide for these monies applicable to users located within the City to be deposited to the City's General Fund. The equivalency of the tax, since the tax is not actually levied, is transferred from the City's Electricity enterprise to the General Fund: estimated at $3.400 million in 2009.

Note 4 Chapter 371 of the Columbus City Code establishes the hotel/motel tax and directs its distribution. The distribution of the tax is estimated as follows:

	Tax Rate	% of Total	Estimated Amount
General Fund of the City of Columbus	1.25%	24.51%	$ 3,700,000
Experience Columbus	1.50	29.41	4,440,000
Cultural services for community enrichment	1.50	29.41	4,440,000
Emergency Human Services Fund of the City	.42	8.24	1,245,000
Columbus/Franklin County Affordable Housing Trust Corporation	.43	8.43	1,275,000
Total	5.10%	100.00%	$15,100,000

Any amendments to existing legislation will result in changes to the above distribution.

Note 5 Local government funds represent portions of the various State of Ohio taxes which are shared with local governments within the State. The Local Community funds, formerly known as the Local Government funds and Local Government Revenue Assistance funds via the County are now combined as the Local Community funds from the State via the County. It is estimated that these shared taxes will provide $39.800 million. Approximately $7.620 million will be received by the City directly from the State.

Note 6 Investment earnings are initially deposited to the treasury investment earnings fund. Pursuant to various ordinances and resolutions of Council, portions of these earnings are then allocated to the City's water, sewer, electricity and certain other funds. After such allocations, $17.000 million is estimated to remain available for the General Fund.

City of Columbus
General Fund
Estimate of Available Resources
For Calendar Year 2009
continued

Note 7 Administrative charges to non General Fund divisions represent certain operating costs initially borne by the General Fund and then partially allocated to other funds of the City. Ordinance No. 0085-2002, passed January 28, 2002, calls for an assessment rate of 4.5% of the revenues of the funds assessed; resulting in revenues to the General Fund of approximately $24.700 million.

Note 8 Fire division charges for services include fees for Emergency Medical Transportation Services, estimated at $12.300 million for 2009. Also included and estimated at $1.575 million are charges for services rendered to suburban communities, fire prevention inspection fees of $1.200 million and other miscellaneous charges of $25,000.

Note 9 Police division charges for services, include charges for policing schools, auto impounding fees, sales of impounding autos and various other police services. The adoption of Ordinance No. 1667-2008 adds approximately $700,000 to this resource for a total of $7.400 million.

Note 10 All other charges for services in the total amount of $3.400 million include amounts estimated from services provided to others for which the City charges. Services provided by, and the estimated charges are: City Attorney ($1.100 million), City Auditor ($367,000), Communications ($490,000), City Sealer ($340,000), and miscellaneous other charges ($1.103 million).

Note 11 Fines, forfeitures, court costs, etc., resulting from operations of the Franklin County Municipal Court should produce approximately $15.800 million. The City's Parking Violations Bureau will collect approximately $6.550 million in parking ticket fines, which includes $900,000 as a result of the adoption of Ordinance No. 1664-2008.

Note 12 Various licenses and permits issued primarily via the Department of Public Safety will produce approximately $1.550 million. Cable TV permits will produce approximately $7.700 million.

Note 13 All other receipts amounting to $2.398 million include $500,000 of reimbursement from Franklin County for a portion of Court bailiffs' costs and $1.898 million of miscellaneous revenues and transfers.

Note 14 The estimated unencumbered fund balance at December 31, 2008 is determined as follows:

Estimated available resources for 2008 as of November 1, 2008, including $4.400 million transferred from the "Rainy Day" Fund	$ 654,800,000
Less: 2008 Expenditures estimated by the Department of Finance	654,800,000
Estimated unencumbered fund balances at December 31, 2008	$ -0-

Note 15 It is anticipated that the 2009 General Fund Appropriation Ordinance will include authorization for the use of $28,500,000 from the Economic Stabilization "Rainy Day" Fund. When the Ordinance is adopted the monies will be available for transfer to the General operating fund.

Hugh J. Dorrian
City Auditor
November 3, 2008

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614/645-7615

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DEPUTY CITY AUDITOR
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CITY OF COLUMBUS
OHIO

90 WEST BROAD STREET
COLUMBUS, OHIO 43215

January 2, 2009

Mayor Michael B. Coleman
President Michael Mentel and
Members of Council
City Hall
Columbus, OH 43215

Dear Mayor Coleman, President Mentel, and Members of Council:

Estimated Available Resources for the City of Columbus General Operating Fund for calendar year 2009 are now estimated to be $630,535,000; a REDUCTION of $13,000,000 from the previously estimated $643,535,000 in my letter to you dated November 3, 2008.

This $13,000,000 reduction results from the following resources:

Resource		Estimated at Nov. 3, 2008	Currently Estimated	Net <Reduction>
Income tax	$	393,200,000	391,200,000	<2,000,000>
Interest earnings	$	17,000,000	9,000,000	<8,000,000>
Local community funds via County and State	$	47,420,000	44,395,000	<3,025,000>
2008 year end fund balance	$	-0-	25,000	25,000
Net Reduction				$ <13,000,000>

Exclusive of $28,500,000 of Rainy Day funds already included in the Estimate of Available Resources for 2009; at January 2, 2009 there is $15,080,651 of Available Rainy Day funds.

The above information must be incorporated into the 2009 General Fund deliberations. Questions regarding this letter may be addressed to the City Auditor.

Very truly yours,

Hugh J. Dorrian

Hugh J. Dorrian
City Auditor

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CITY AUDITOR
614/645-7615

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CITY OF COLUMBUS
OHIO

90 WEST BROAD STREET
COLUMBUS, OHIO 43215

January 26, 2009

Mayor Michael B. Coleman,
President Michael Mentel, and
Members of Council
City Hall
Columbus, OH 43215

Dear Mayor Coleman, President Mentel, and Members of Council:

The City's Economic Stabilization Fund (Rainy Day Fund) will have a balance of $15.080 million after using $28.500 million of its current balance for the 2009 General Fund operations budget.

I recommend that further use of the Rainy Day Fund cease; after use of the $28.500 million for the initial balancing of the 2009 budget.

The $15.080 million represents the lowest balance in the Rainy Day fund since the fund's initial usage in 2003. The fund was created in 1988 and was first invaded in 2003. From 2003 through the 2009 budget the Rainy Day fund will have been used to provide $89,643,100 for General Fund operations.

Current economic conditions; nationally and locally, indicate replenishment of the fund is extremely unlikely. Other unforeseen needs, such as natural disasters, etc., and continuing deterioration of the City's revenue streams would place additional demands on the rainy day fund. The City must be prepared to address these needs.

Any questions regarding this matter may be directed to the City Auditor.

Very truly yours,

Hugh J. Dorrian

Hugh J. Dorrian
City Auditor

HJD/jm

City of Columbus, Ohio
City Income Tax Collections
1948-2008
Cash (Budget) Basis
Net of Refunds
(in thousands)

Year			Total	% Increase Over Prior Year		Year			Total	% Increase Over Prior Year	
1948	(1)	$	2,073	-	%	1978		$	69,041	10.97	%
1949			3,055	47.37		1979			77,622	12.43	
1950			3,035	(0.65)		1980			84,737	9.17	
1951			3,554	17.1		1981			89,615	5.76	
1952			4,042	13.73		1982			95,039	6.05	
1953	(2)		4,504	11.43		1983	(7)		129,760	36.53	
1954			4,517	0.29		1984			149,654	15.33	
1955			4,760	5.38		1985			164,478	9.91	
1956	(3)		6,450	35.5		1986			177,341	7.82	
1957	(4)		9,716	50.64		1987			193,979	9.38	
1958			10,939	12.59		1988			207,302	6.87	
1959			11,541	5.5		1989			221,503	6.85	
1960			12,420	7.62		1990			232,015	4.75	
1961			12,251	(1.36)		1991			244,344	5.31	
1962	(5)		13,141	7.26		1992			257,344	5.32	
1963			13,917	5.91		1993			274,160	6.53	
1964			14,747	5.96		1994			290,042	5.79	
1965			15,719	6.59		1995			311,881	7.53	
1966			17,474	11.16		1996			326,426	4.66	
1967			18,420	5.41		1997			343,854	5.34	
1968			20,187	9.59		1998			384,890	11.93	
1969			22,220	10.07		1999			402,417	4.55	
1970			26,612	19.77		2000			424,227	5.42	
1971	(6)		35,247	32.45		2001			438,947	3.47	
1972			41,562	17.92		2002			437,665	(0.29)	
1973			45,402	9.24		2003			439,266	0.37	
1974			50,356	10.91		2004			454,026	3.36	
1975			52,668	4.59		2005			470,774	3.69	
1976			56,358	7.01		2006			502,050	6.64	
1977			62,218	10.4		2007			521,853	3.94	
						2008			519,101	(0.53)	

(1) etc. Legend follows.
Source: City Auditor's Annual Reports

City of Columbus, Ohio
City Income Tax
Legislative History

Ordinance Number	Date of Passage	Effective Date	Rate	Term	Legend
654-47	11/28/47	1/1/48	1/2%	5 yrs	(1)
1030-52	11/24/52	1/1/53	1/2%	5 yrs	(2)
536-56	4/23/56	7/1/56 to 10/1/56	1%	3 mos	(3)
(rate reverted to 1/2% from 10/1/56 thru 12/31/56)					
1073-56	7/30/56	1/1/57	1%	5 yrs	(4)
1516-61	12/11/61	1/1/62	1%	no time limit	(5)
1621-70	11/3/70	1/1/71	1 1/2%	no time limit	(6)
2246-82	11/2/82	1/1/83	2%	no time limit	(7)

Legend:

(1)(2)(3) "Such part thereof as Council may declare as surplus shall be placed in a capital improvement fund".

(4)(5)(7) 75% operations; 25% capital improvements.

(6) 83.33% operations; 16.67% capital improvements.

Withholding collections were accelerated in 1970 from quarterly to semi-monthly, monthly and quarterly depending on dollar volume of taxpayer liability.

Source: City Auditor

Note: Revenues represent total collections, including deposits to the general fund, special income tax fund and other funds.

Attachment H
Comparison of Refuse Fees

Refuse/Recycling Payment Collection Methods: Large Ohio Jurisdictions with Refuse Collection Fees

	Refuse/Recycling Services Offered	**Fees**	**Bill Collection method**	**Customer Payment Options**	**Discount for low-income?**	**Bill processing**
Akron *88,000 customers*	Weekly waste collection includes "free" recycling; also have large item (bulk) pickup	Rate is $17.50/mo with recycling or $19.50/month without ($2.00 discount to recycle); 85% participation rate in recycling	Fee is billed monthly on water/sewer bill (switched from quarterly to provide more frequent cash flow)	Customers may pay the bill through the mail, in person (City Hall), by phone with credit card; or automatic monthly withdrawal	No; but seniors and disabled can get a homestead exemption and pay only $11.30	The Water/Utility Customer Service and Billing section is a part of the Revenue and Taxation Division of the Dept. of Finance. They perform the customer service, billing, collection, accounting, meter reading and meter maintenance functions of the Public Utilities Bureau
Canton *24,000 Sanitation customers*	Weekly waste collection includes "free" recycling; bulk waste is free unless excessive; per 1990 ordinance, all residential collection is provided by the city for residents (includes multi-family)	Fee (includes recycling) is $28.79/bi-monthly for city residents; $40.81/bi-monthly for customers outside the city	Fee is attached to bi-monthly water/sewer bill	Customers have several options of paying the bill: via phone, online, in person	No; but seniors and disabled can get a homestead exemption [1]	Billing is done in-house through the city's Water department. However, an outside entity prints the bills and mails them. They also do roughly 50% of the processing, while the other half of the A/R is done by the city.
Dayton *67,000 customers*	Weekly waste collection; bi-weekly co-mingled recycling collection; free bulk waste pick up; city provides waste removal for SF and small multi-family units (large apt. complexes and commercial use private haulers)	Fee of $86.00 annually or $21.50 per quarter (may raise fee by 5% later); ***note purpose of fee is for containers and waste disposal, not waste collection***	Fee is itemized as part of quarterly water/sewer bill	Customers may pay the bill through the mail, in person (City Hall), or automatic monthly withdrawal	No	City of Dayton Finance Dept. handles A/R; they contract with a firm in Cincinnati to print and mail bills
Toledo *97,000 Customers inside the*	Waste Management Division handles the refuse collection and recycling services. Refuse collected weekly and	Started collecting fee in 2007; $7 if you do not recycle or $2 per month if you do; April 2009 will go to $8.50 (no recycle)	Fee is added to the quarterly water/sewer / storm-water	Customers have several options of paying the bill - via phone, online, etc.	No; a discount is provided if you recycle	Utilities Department handles all billing and A/R, etc. in house