

2009 Non-Mandated Expenditures Department Response

DEPARTMENT: Hamilton County Development Company (HCDC)

DEPARTMENT HEAD / ELECTED OFFICIAL: Eric Stuckey, Assistant County Administrator; David Main, President - HCDC

OCA TITLE: 040002 - HCDC

Hamilton County departments and agencies have the opportunity to respond and provide insight to the Office of Budget and Strategic Initiatives (BSI) initial assessment as to non-mandated services. This response form should be used for each specific BSI assessment; not a general response for entire department. Take as much space as necessary for each question.

1. Are there elements of the BSI non-mandated services that you believe are mandated? If so, provide the specific Ohio Revised Code (ORC) citation, Code of Federal Regulation (CFR) and/or relevant case law information. Please be especially diligent if there is a specific service or staffing level prescribed by law.

Economic Development in general is not a mandated service. Since the County does have enterprise zones and community reinvestment areas, however, the County is required to administer these tax incentive programs, including the existing agreements that must be serviced and reviewed every year by the Tax Incentive Review Council (O.R.C. Section 5709.85). If a report on the status of the agreements is not submitted to the Ohio Department of Development, the State can levy a fine of \$1,000 per month, in the case of an enterprise zone (O.R.C. Section 5709.68), or \$500 per month, in the case of a community reinvestment area (O.R.C. Section 3735.672), until the report is filed.

2. Who are the recipients of the service or activity for the non-mandated service? How many recipients? Please note any internal customers, other county departments, jurisdictions, businesses, etc. If the service is geographic specific (i.e., a satellite probation office), please identify the neighborhood, township or municipality.

HCDC serves many customers. The first group of customers includes the 48 jurisdictions within the County who have the opportunity to use HCDC's consulting services and programs. HCDC also serves the business community, so there are thousands of customers in the private sector that benefit from HCDC services as well.

3. Are there county revenues associated with the non-mandated services? If so, please provide the methodology for any lost revenues. Please consider state or federal reimbursements, grants, fees, etc. Please note if the service or activity is included in the county's indirect cost plan.

HCDC does leverage state and federal grants and programs that provide revenue to both HCDC in fees and to the County in permits, taxes, etc. The County also generates property and sales tax revenues from the business capital investments that HCDC induces.

2009 Non-Mandated Expenditures Department Response

4. If the county did not provide the non-mandated service, is there the potential for increased expenditures in another jurisdiction within Hamilton County? If so, please list the specific municipality and/or township.

In general, many communities have come to rely on HCDC when they need development assistance or guidance. If the County did not fund HCDC, many of these communities would be hard pressed to pay for the services we provide. Some, however, may be forced to redirect some of their funding to provide economic development services.

5. Does the non-mandated service include Board of County Commissioner policy via resolution or motion?

Yes, the Commissioners approved a resolution with an attached contract. HCDC is currently serving the second year of this three-year contract. The Commissioners also passed a resolution setting their budget goals for 2009. In this resolution, they called for "more effective and robust County economic development efforts" and stated that the "County has underfunded proactive economic growth" in the past.

6. Are there contracts or agreements that preclude the elimination of a non-mandated service? If so, please provide the specific language as to termination and/or amendment terms.

HCDC does have a contract with the County, but the language in the contract allows the County to terminate the contract with a thirty-day notice. The language is as follows:

"Either party may terminate this Agreement for convenience by giving the other party at least thirty (30) days prior written notice thereof."

7. What are the equipment/non-personnel expenditure considerations with discontinuing a non-mandated service? (i.e., surplus equipment).

There are no equipment expenditure considerations with this service.

8. Do any of the non-mandated services include employees represented by a bargaining unit? If so, please note the union and provide information as to reduction-in-force and job abolishment considerations.

No, HCDC staffers are at-will employees.

9. For positions within non-mandated services, are there are special circumstances that preclude a traditional job abolishment process? Separation costs will be addressed centrally including leave balance payouts, unemployment compensation and severance (based on current Commission policy).

No, HCDC is a vendor, so these types of cost would not apply.

2009 Non-Mandated Expenditures Department Response

10. In addition to positions associated with non-mandated services, the Budget Office included a review of management layers, support staff, and currently vacant positions. Please comment on the impact of eliminating these positions.

Since HCDC is a vendor, these decisions are made internally based on revenue provided by the County. Any elimination of jobs, however, will reduce the level of service that HCDC can provide.

11. What is the performance impact of not providing the non-mandated service? For example, wait times, waiting lists, case loads, operating hours and other consequences of not providing the service.

Economic Development in the County would be dealt a serious blow. The County would no longer have a dedicated department/office that responds to all development requests, including business attraction, retention and expansion situations. The County would no longer have an experienced agency that administers the tax incentive programs and the existing agreements. There would no longer be a marketing effort in place to market the County as a place to do business. The County would no longer have an office that proactively seeks out grants and partnerships to provide land for future office and industrial parks that are used to attract new development and the retention of existing companies. This would in turn impact the County's direct revenues and reputation as a place to do business.

12. Are there any alternatives that result in savings to the general fund?

Not aware of any alternatives.

13. Are there more efficient ways to deliver a mandated service that may allow for the savings to offset the cost of a non-mandated service?

By contracting with HCDC the County is saving money by not having to provide benefits and support services to the employees of HCDC. HCDC provides the County with an "out-sourced" function that not only saves money, but allows for quick response times and confidentiality.

14. Is there an opportunity to transfer any non-mandated expenditures to another funding source (i.e., restricted fund or grant)?

Part of HCDC's current budget includes CDBG dollars. CDBG dollars are limited in the way that they can be used and it is our understanding that their use is being maximized currently when it comes to economic development services.

15. Does your department have any fees that could be raised to offset the cost of a mandated service?

Not that we are aware of at this time.

2009 Non-Mandated Expenditures Department Response

Other Considerations and Comments: