



## Hamilton County Administrator's Office Interdepartmental Memorandum

To: Board of County Commissioners

From: Erica L. Riehl

Cc: Christian M. Sigman, Joseph J. Feldkamp

Date: March 5, 2012

Re: Sales Tax Fund

In response to the resolution that was passed on November 30, 2011 titled Monzel-Portune Framework for Stadium Fund Deficit Elimination, this report provides the Administration's review concerning expense reduction and other event revenue increases.

We have conducted a review of all costs associated with the operations (not including capital) of both stadiums. The resolution set a target goal of a 25% reduction of operation expenses or around \$2.5 million. Below is a summary of recent historical expenditures of the past four (4) years of operation expenses as well as a projection for 2012.

	Paul Brown Stadium			Great American Ball Park	Total Both Stadiums	
	Operations 680082	Other 680185	Total PBS	Operations 680003		
<b>2008</b>	2,994,063	4,916,478	7,910,541	2,152,788	10,063,329	
<b>2009</b>	3,208,080	4,502,399	7,710,479	2,341,499	10,051,978	
<b>2010</b>	3,116,710	10,887,129	14,003,839	6,651,044	20,654,883	
<b>2011</b>	3,609,091	10,588,116	14,197,207	5,608,067	19,805,274	
<b>2012</b>	3,692,592	11,865,847	15,558,439	5,828,424	21,386,863	
<b>* 2012</b> CPS Pilot = 6,267,784 Utilities = 3,986,550 Staffing/Benefits = 1,665,589 Building Repairs/Maint Agreements = 1,491,250 Insurance = 702,000 Taxes = 608,015 <u>Maintenance Supplies = 296,500</u> <b>TOTAL 15,017,688</b> <b>(97% of total budget)</b>				<b>* 2012</b> CPS = 4,647,829 Insur. = 570,000 <u>Taxes = 360,000</u> <b>TOTAL</b> <b>5,577,829</b> <b>(96% of total budget)</b>		<b>* 2012</b> <b>TOTAL</b> <b>STADIUMS</b> <b>20,595,517</b> <b>(96% of total budget)</b>

The operations at both stadiums remain generally consistent with a spike in 2010 for payments in lieu of taxes to the CPS. Many of the operational expenses can be seen as non-negotiable (CPS Pilot payments, utilities, insurance, taxes) as well as essential building maintenance agreements and the staffing at PBS, obligated by the resolution for the PBSL management agreement. The County employees at PBS have been included in the cost/wage/benefit freeze that the BOCC employed some 4-5 years ago. After these obligations are met, the balance to target for a \$2.5M decrease is reduced to just \$791,346 which includes items such as trash collection, required safety training, elevator/escalator inspections, and other smaller stadium related type expenditures. As you can see, the desired cuts are not possible with the existing agreements in place as most all other smaller type but essential line item expenses have already been previously scrutinized leaving little, if any, room for further reductions.

Another component of the Sales Tax Fund, other event revenue, has also been reviewed. We continue to look at ways to maximize revenues from other events held at Paul Brown Stadium and Great American Ball Park. Below are the historical figures with a 2012 projection for other events being held at the stadiums.

<b>Other Event Revenue</b>			
	<b>PBS</b>	<b>GABP</b>	<b>Total</b>
<b>2008</b>	116,716	6,250	<b>122,966</b>
<b>2009</b>	259,259	4,959	<b>264,218</b>
<b>2010</b>	296,139	6,150	<b>302,289</b>
<b>2011</b>	349,364	157,986	<b>507,350</b>
<b>2012</b>	265,500	5,000	<b>270,500</b>

Although the recent numbers have been increasing, hosting other events at either stadium can be inconsistent and can change from year to year as directed by either MLB or the NFL. For example, in 2011 we hosted two UC home games at PBS and the Paul McCartney concert at GABP. Additionally, events are rarely annual such as Billy Graham, UC football, Monster Truck, or a national caliber concert.

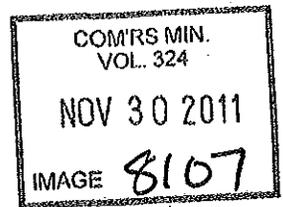
Please keep in mind that other events in both outdoor stadiums is somewhat limited by weather, scheduling, team use days, and types of programming. Cincinnati weather is unpredictable, leaving May-September as potential months for other events at GABP and May-July for PBS as the NFL pre-season games begin in August. The Reds schedule dominates the summer months leaving little opportunity to safely wedge in a concert or other consistent programming. The Bengals have recently announced that training camp in July has been moved to the PBS complex, further reducing the window of other event opportunity in the stadium. In scheduling national-type talent, typically a promoter prefers to book well in advance and we cannot commit to a schedule until MLB or the NFL creates and releases their schedules, often too late for us to be considered on the national talent schedule. As you can see, planning ahead is difficult and establishing a dependable pre-set revenue budget goal would not be practical or dependable as an annual revenue source.

In summary, it appears that this area of the budget will not materially assist in balancing the Sales Tax Fund. However, we will continue to be fiscally responsible in the operations of both stadiums, managing costs as appropriate. We will continue to seek other events within the constraints identified to supplement our revenue totals.

Hamilton County, Ohio  
Sales Tax Fund  
(\$ in 1,000's)

e	b	c	d	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	
Year	Sales Tax Growth Rate	Gross Sales Tax - YTD	Estimated PTR	Annual Debt Service - cash flow as paid	Debt Service Reserve Fund	Paul Brown Stadium (PBS) Net Operating	PBS Capital Reserve Contribution	PBS Capital Maintenance	PBS Property Taxes	Great American Ball Park (GABP) Net Operating	GABP Capital Reserve Contribution	GABP Capital Maintenance	GABP Property Taxes	CPS PILOT	Parking	Casino Revenues	Central Riverfront Development	Operating Balance	Accum. Balance	With 10% Fund Balance
2011	n/a	65,044	(18,158)	(28,545)	(1,739)	(7,058)	(1,000)	-	(540)	(801)	-	-	(356)	(10,918)	-	-	(4,834)	4,615	5,415	n/a
2012	0.0%	64,193	(18,400)	(12,544)	-	(7,937)	(1,000)	(593)	(593)	(2,502)	(1,000)	TBD	(448)	(10,918)	-	-	(1,960)	6,223	11,638	n/a
2013	1.0%	64,635	(18,450)	(38,857)	(8,124)	(8,728)	(1,000)	(476)	(476)	(1,237)	(1,000)	TBD	(387)	(10,918)	-	8,000	(1,000)	(9,149)	(7,311)	(9,984)
2014	1.0%	65,485	(18,645)	(40,024)	(9,058)	(9,911)	(1,000)	(595)	(595)	(1,303)	(1,000)	TBD	(409)	(10,933)	-	8,000	(1,000)	(20,258)	(27,793)	(24,315)
2015	1.0%	66,136	(18,841)	(42,837)	(9,993)	(10,695)	(1,000)	(626)	(626)	(1,388)	(1,000)	TBD	(422)	(10,933)	-	8,000	(1,000)	(12,925)	(40,702)	(47,315)
2016	1.0%	66,739	(20,040)	(44,169)	(9,265)	(10,265)	(1,000)	(631)	(631)	(1,448)	(1,000)	TBD	(434)	(10,932)	-	8,000	(1,000)	(14,002)	(54,704)	(61,384)
2017	1.0%	67,467	(20,246)	(45,313)	(12,148)	(12,148)	(1,000)	(632)	(632)	(1,514)	(1,000)	TBD	(447)	(10,955)	-	8,000	(1,000)	(15,028)	(70,340)	(77,086)
2018	1.0%	68,142	(20,443)	(46,700)	(12,819)	(12,819)	(1,000)	(641)	(641)	(1,594)	(1,000)	TBD	(461)	(10,865)	175	8,000	(1,000)	(17,058)	(87,368)	(94,212)
2019	1.0%	68,824	(20,647)	(48,160)	(13,511)	(13,511)	(1,000)	(648)	(648)	(1,671)	(1,000)	TBD	(475)	(10,865)	936	8,000	(1,000)	(19,251)	(105,755)	(112,657)
2020	1.0%	69,512	(20,854)	(49,681)	(14,229)	(14,229)	(1,000)	(651)	(651)	(1,755)	(1,000)	TBD	(492)	(10,865)	966	8,000	(1,000)	(19,251)	(122,002)	(131,967)
2021	1.0%	70,207	(21,062)	(51,261)	(14,969)	(14,969)	(1,000)	(651)	(651)	(1,842)	(1,000)	TBD	(498)	(10,933)	1,188	8,000	(1,000)	(22,219)	(145,804)	(152,824)
2022	1.0%	70,909	(21,273)	(52,891)	(15,721)	(15,721)	(1,000)	(651)	(651)	(1,934)	(1,000)	TBD	(503)	(10,933)	1,188	8,000	(1,000)	(24,301)	(168,016)	(175,107)
2023	1.0%	71,618	(21,485)	(54,644)	(16,485)	(16,485)	(1,000)	(651)	(651)	(2,029)	(1,000)	TBD	(503)	(10,933)	943	8,000	(1,000)	(24,301)	(192,316)	(199,479)
2024	1.0%	72,334	(21,700)	(56,529)	(17,264)	(17,264)	(1,000)	(651)	(651)	(2,128)	(1,000)	TBD	(503)	(10,933)	943	8,000	(1,000)	(25,916)	(218,234)	(225,467)
2025	1.0%	73,058	(21,917)	(58,452)	(18,072)	(18,072)	(1,000)	(651)	(651)	(2,233)	(1,000)	TBD	(503)	(10,933)	1,218	8,000	(1,000)	(26,659)	(244,832)	(252,288)
2026	1.0%	73,788	(22,135)	(60,415)	(18,887)	(18,887)	(1,000)	(651)	(651)	(2,342)	(1,000)	TBD	(503)	(10,933)	1,218	8,000	(1,000)	(28,527)	(264,909)	(272,888)
2027	1.0%	74,526	(22,358)	(62,415)	(19,721)	(19,721)	(1,000)	(651)	(651)	(2,456)	(1,000)	TBD	(503)	(10,933)	1,183	8,000	(1,000)	(28,527)	(283,109)	(291,556)
2028	1.0%	75,271	(22,581)	(64,442)	(20,574)	(20,574)	(1,000)	(651)	(651)	(2,574)	(1,000)	TBD	(503)	(10,933)	3,480	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2029	1.0%	76,024	(22,807)	(66,495)	(21,436)	(21,436)	(1,000)	(651)	(651)	(2,698)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2030	1.0%	76,794	(23,036)	(68,565)	(22,319)	(22,319)	(1,000)	(651)	(651)	(2,827)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2031	1.0%	77,582	(23,268)	(70,651)	(23,222)	(23,222)	(1,000)	(651)	(651)	(2,961)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2032	1.0%	78,386	(23,498)	(72,751)	(24,114)	(24,114)	(1,000)	(651)	(651)	(3,101)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2033	1.0%	79,111	(23,728)	(74,865)	(25,014)	(25,014)	(1,000)	(651)	(651)	(3,248)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2034	1.0%	79,802	(23,957)	(76,992)	(25,924)	(25,924)	(1,000)	(651)	(651)	(3,401)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2035	1.0%	80,501	(24,186)	(79,141)	(26,844)	(26,844)	(1,000)	(651)	(651)	(3,559)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2036	1.0%	81,206	(24,415)	(81,306)	(27,774)	(27,774)	(1,000)	(651)	(651)	(3,722)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2037	1.0%	81,916	(24,644)	(83,439)	(28,714)	(28,714)	(1,000)	(651)	(651)	(3,890)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2038	1.0%	82,632	(24,873)	(85,544)	(29,664)	(29,664)	(1,000)	(651)	(651)	(4,063)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2039	1.0%	83,346	(25,102)	(87,621)	(30,624)	(30,624)	(1,000)	(651)	(651)	(4,241)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)
2039	1.0%	83,976	(25,331)	(89,670)	(31,594)	(31,594)	(1,000)	(651)	(651)	(4,424)	(1,000)	TBD	(503)	(10,933)	3,536	8,000	(1,000)	(28,527)	(289,327)	(297,954)

Notes:  
Column C: Will be updated with monthly actuals  
Column D: 30% of column C  
G: The 2012 # includes the Draft sale of \$15M  
I & M: Net of other event revenue  
X & O: Have requested 2013-2018 five year plans  
S: Pursuant to Resolution 21-7 (Volume 321, Image 8111)



Item 21-7

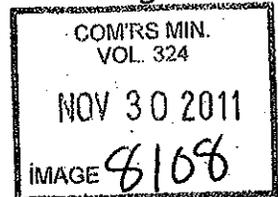
Commissioners' Monzel and Portune authored and explained the framework to eliminate the 2012 stadium fund deficit...

Lengthy comment ensued to fully explain the details of the framework and the terms of the sale of Drake...

Commissioner Hartmann indicated various points of opposition to what he sees as a bad deal for Hamilton County...

There being no further comments/questions from the Board...

On motion of Mr. Monzel, seconded by Mr. Portune the following resolution was adopted by a two to one vote. . .



## MONZEL-PORTUNE FRAMEWORK FOR STADIUM FUND DEFICIT ELIMINATION

**RESOLUTION**, enacted on this 30<sup>th</sup> day of November, 2011, for the purpose of establishing the policy framework within which the Hamilton County Board of County Commissioners shall guarantee Stadium Fund solvency, and within which, said Board shall ensure for fund solvency in 2012.

**WHEREAS** Hamilton County faces a deficit in the dedicated sales tax fund more commonly referred to as the Stadium Fund by year's end 2011 and for each year thereafter through the retirement of stadium related bonds due to the combination of:

1. the cost of existing debt service on bonds issued for the construction of Paul Brown Stadium And the Great American Ballpark;
2. Payments In Lieu Of Taxes [PILOT] top Cincinnati Public Schools;
3. property tax subsidies in favor of a certain class of residential county property tax payers [the "Property Tax Rollback" or "PTR"];
4. current 2011 operational expenses paid by Hamilton County as required under separate leases with the *Cincinnati Reds and the Cincinnati Bengals*;
5. other payments being made out of the stadium fund for garages and lots that have been constructed to support the stadiums, the Banks, and property taxes; and
6. lack of growth in the dedicated 0.5% sales tax fund for stadiums, schools and property tax relief;

all producing annual expenditures in excess of the amount of sales tax revenues being generated by the dedicated 0.5% sales tax approved by voters in March 1996; and

**WHEREAS**, of the aforementioned items, at the time of the public vote in March 1996 for the dedicated 0.5% sales tax voters were promised that:

NOV 30 2011

IMAGE 8109

1. the tax would cover the costs of the land and construction for two stadiums and the garages, lots and related infrastructure to support the stadiums at an estimated cost of \$540 Million; and
2. the taxes collected would pay for any property taxes on the needed property;
3. that the taxes collected would provide \$5 million per year to support the Cincinnati Public Schools 20 year building program; and that
4. a class of residential property owners would receive property tax relief equal to 30% of the sales taxes collected each year; and
5. that the sales tax was intended to run for a period of 20 years or less; and last that
6. the sales tax would cover all obligations and would do so based upon expected growth in an amount equal to not less than 3% per annum.

**WHEREAS**, the current economic climate demands that Hamilton County adopt a framework for Stadium Fund solvency that is contained within the existing dedicated 0.5% sales tax and that does not add any additional tax burden to county taxpayers; and

**WHEREAS**, while the county anticipates receiving new tax revenues from the opening of the "Horseshoe" Casino commencing in 2013, said casino tax revenues should be reserved in part for the purpose of supporting positive new economic development initiatives and completing existing positive growth economic development initiatives

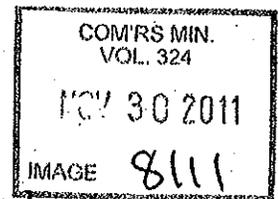
**WHEREAS**, the Board must act no later than midnight November 30, 2011;

**NOW THEREFORE BE IT RESOLVED**, by the Board of County Commissioners of Hamilton County, Ohio, shall govern Hamilton County's management of said fund; shall govern the county's short and long range planning with respect to the oversight of said fund; and shall govern the county's relationship and negotiating/managing posture with the **Cincinnati Reds and Cincinnati Bengals** concerning the use of Paul Brown Stadium and the Great American Ballpark:

- Hamilton County shall operate, maintain and manage the Great American Ballpark, Paul Brown Stadium and all support operations

for the benefit thereof in a fiscally sound and responsible manner, within existing budgeted resources and sources of funds for said purposes as approved by the voters of Hamilton County in March 1996 and for such purposes as were presented to the voters in anticipation of the vote of March 1996 and in such a manner that the total annual revenues realized by the county shall always be at least equal to the cumulative total of all expenses and financial obligations related to the same. Consistent with this policy the dedicated 0.5% stadium sales tax shall be reserved to be used as first promised to voters to pay for:

1. Debt service on the capital costs of stadium construction; and
  2. 30% of sales taxes collected each year for property tax relief; and
  3. PILOT payments to Cincinnati Public Schools
- Hamilton County shall exercise **Best Efforts** at maximizing new revenues from other events in favor of Hamilton County arising out of the operation of the Stadiums upon **reciprocal Best Efforts** from the **Cincinnati Bengals and Cincinnati Reds** to work in such a fashion as to generate net new revenues in favor of Hamilton County which shall be reserved for use by and dedicated to be deposited in the Stadium Fund. [**Target Goal: \$1 Million/year** net new revenues]. This paragraph contemplates new revenues generated from events staged at PBS or GABP and shall include Hamilton County contracting with an agreed-upon third party professional marketer of large venue staged events.
  - Hamilton County shall conduct an exhaustive review of all costs associated with the operations of both stadiums for the purpose of implementing an immediate reduction in said annual operational expenses equal to the county's net revenue and expense reduction percentage [**Target Goal: 25% reduction (\$2.5 Million est.)**]
    1. When determining the amount of operational expenses to be paid, Hamilton County shall calculate such an amount after having first employed a **cost/wage/benefit freeze** in



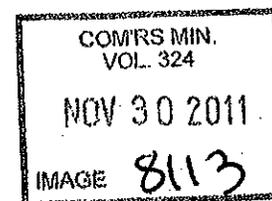
connection with all costs arising from vendor relationships at both stadiums

- Hamilton County shall constantly search for reasonable opportunities to sell idle county property and assets for the purpose of generating new revenues to be deposited into the stadium fund to enhance fund solvency and stability. Said funds shall supplement each year the amounts remaining in the stadium fund from the 0.5% dedicated sales tax .
- The Stadium Fund model shall be based upon a projected annual growth rate in the dedicated 0.5% sales tax of 1.0% per annum .
- The Board shall enact such further Resolutions as are necessary to effect the purposes and principles espoused in this Resolution, including:
  1. A Resolution that commits to pay all debts including accrued liabilities until paid in full; and
  2. A Resolution that commits to maintain the dedicated sales tax for only such time as is necessary to pay off all obligations set forth in this Resolution and to then repeal the tax when all such obligations have been paid in full;
- For the period of 2012- 2015 an amount not to exceed 8M in revenues that Hamilton County receives from Casino.

**NOW THEREFORE BE IT RESOLVED**, by the Board of County Commissioners of Hamilton County, Ohio, that the Board of County Commissioners:

- Is desirous of providing for a full Property Tax Rollback in favor of a certain class of county Residential Real Estate property owners equal in total amount to 30% of all dedicated 0.5% sales taxes collected; and
- Shall supplement the Stadium Fund with proceeds generated from the sale of Drake Hospital upon those terms and conditions detailed in a certain Memorandum of Understanding attached hereto as Exhibit A to this Resolution but that include the following elements:

1. Pay to Hamilton County a lump sum of \$15 million; and
2. Support the Cincinnati-Hamilton County Office of Maternal and Infant Health and Infant Mortality Reduction efforts aimed at reducing the local infant mortality rate to below the national average among all populations (the "Initiative") by working collaboratively with such office and Cincinnati Children's Hospital Medical Center, the Cincinnati Board of Health, and the Hamilton County General Health District on the Initiative, including the funding of the Initiative in an amount of \$250,000 per year for five years. UCH and its affiliates shall have principal responsibility and authority for the management of the Initiative.
3. Use its commercially reasonable efforts to undertake to champion the local efforts and pursue the opportunities detailed in the Report on Medicaid Maximization (Exhibit B) presented to the Hamilton County Board of Commissioners dated March 2009, by convening and leading a coalition of necessary parties to work in conjunction with the Ohio Office on Health Transformation.
4. Undertake a review of existing public health oral care and dentistry clinic operations for the purpose of evaluating and pursuing collaborative opportunities to apply existing resources in ways designed to reduce and prevent the incidence of dental disease, which in some cases can lead to death. It is understood that this measure calls for the design of specific dental and oral health care outreach and services.
5. For the 10 years following the purchase, agree to share with the County on a 50/50 basis any profits /proceeds that arise out of any re-sale of Drake that occurs within five years, decreasing to 25/75 if such re-sale occurs in years 6-10 thereafter, with any such sharing to be net of DCI's cumulative investments, debt assumption and operating losses, and restricted to the net profits/proceeds arising solely from the sale of the land and/or buildings, not the sale of any bed licenses, individual business components or the underlying business as a whole.



6. Agree to use its commercially reasonable efforts to ensure the continuation and preservation of the mission of the Center; and

7. Re-examine the issue of the Children with Medical Handicaps Program to determine whether there are children's services programmatic elements currently provided by Jobs and Family Services that may be undertaken in connection with the use of Hamilton County Indigent Care Levy proceeds which do not interfere with or take away from other provided services determined by UCH to be of a higher priority.

- Shall further supplement the Stadium Fund, to the extent that such funds are both available and necessary, with an amount up to 8M of the revenues that Hamilton County receives from Casino operations. All such other casino revenues shall be reserved for the purpose of making investment ready such large scale county development sites as identified in Exhibit C attached, commencing with the Harrison Commerce Center and Airport site in collaboration with Cincinnati State, the City of Harrison and Harrison Township, and the Federal Aviation Administration.

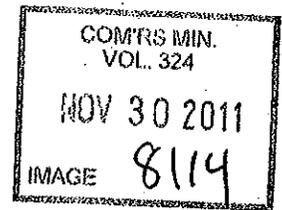
**BE IT FURTHER RESOLVED**, that the Clerk of the Board be and is hereby authorized and directed to certify copies of this Resolution to Christian Sigman, Administrator; Dusty Rhodes, County Auditor; and Joseph W. Testa, Tax Commissioner, State of Ohio

**ADOPTED** at a Regular Session of the Hamilton County Board of County Commissioners on this 30th day of November, 2011

Mr. Hartmann . NO

Mr. Monzel YES

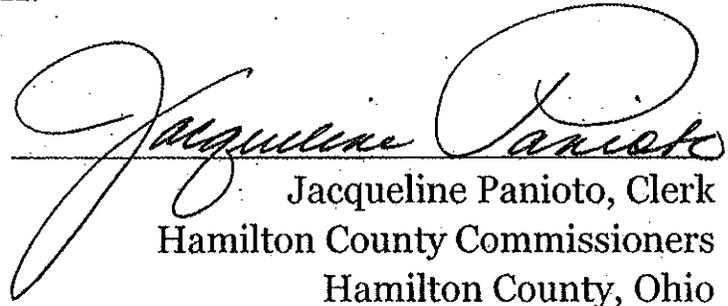
Mr. Portune YES



## CERTIFICATE OF CLERK

**IT IS HEREBY CERTIFIED** that the foregoing is a true and correct transcript of a resolution adopted by the Board of County Commissioners, Hamilton County, Ohio, in session this 30th day of November, 2011.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Office of County Commissioners, Hamilton County, Ohio, this 30th day of November, 2011.

  
Jacqueline Panioto, Clerk  
Hamilton County Commissioners  
Hamilton County, Ohio