



Hamilton County

Board of County Commissioners

Greg Hartmann
President
Phone (513) 946-4405
Fax (513) 946-4404

Chris Monzel
Vice President
Phone (513) 946-4409
Fax (513) 946-4407

Todd Portune
Phone (513) 946-4401
Fax (513) 946-4446

Room 603
County Administration Building
138 East Court Street
Cincinnati, Ohio 45202

TDD/TTY (513) 946-4719
www.hamilton-co.org

Christian Sigman
Administrator
Phone (513) 946-4420
Fax (513) 946-4444

Jacqueline Panioto
Clerk of the Board
Phone (513) 946-4414
Fax (513) 946-4444

December 7, 2015

The 2016 Hamilton County General Fund Budget Consensus Proposal

Commission President Greg Hartmann
Commission Vice President Chris Monzel

The 2016 Hamilton County General Fund Budget reflects cautious growth in revenue as a result of the improving local economy. However, the positive growth in revenue is hampered by the ongoing, unknown expenditures levels by County departments within the General Fund. The pursuit of a solution to the County's 9-1-1 Emergency Communications function will also have an unknown impact on the General Fund that has been estimated, but not finalized.

In order to balance the unknown factors in next year's budget with the need for a fiscally prudent, balanced budget, a majority of the Commissioners have agreed upon a 2016 General Fund Budget that cautiously invests in employees, emergency heroin and opioid action and existing policy priorities such as economic development.

As an addendum to Commissioner Hartmann's budget proposal (attached), the 2016 Hamilton County General Fund Budget will include the following policy direction:

- **Commissioners will invest \$1.2 million from the Budget Stabilization Fund to help increase detox, treatment and recovery capacity in Hamilton County** to address the emergency heroin and opiate epidemic. This funding will allow County treatment providers to serve an additional 700 individuals.

- **Approximately \$4 million in 2016 casino revenue should be utilized to continue providing stability to the County's Sales Tax Fund** until a long-term stability plan can be implemented within the Sales Tax Fund, with an eye towards providing a full Property Tax Rebate to property taxpayers in future years.
- **Commissioners will approve a 1.5%, merit-based compensation adjustment for employees in January 2016, for a full year.** Additionally, to the extent that general fund revenues come in higher than projected, and departments maintain expenditures within their appropriated 2016 budget, Commissioners will consider and support an additional 1.5% compensation increase, mid-year, in July 2016 for employees.

County Administration should also continue its work to provide an analysis to Commissioners on the salary ranges of County job classifications compared to the marketplace.

- **Commissioners will begin the process of potentially utilizing a minimal utility service fee in mid-2016, as allowed by the Ohio Revised Code, in order to provide a fair and equitable funding solution for the County's critical 9-1-1 Emergency Communications function.** If instituted, the fee will be levied at an amount to allow for a reduction in the detail rate to townships, cities and villages in 2016 to \$15, and a detail rate of \$10 for at least five years (2017-2021).

The attached resolution reflecting this policy direction will be brought forward for a vote on December 9. We hope to have a unanimous vote on the 2016 Hamilton County General Fund Budget.

RESOLUTION #27
ESTABLISHING GENERAL FUND EXPENSE LEVELS
FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2016

WHEREAS, the Board of County Commissioners wishes to establish 2016 expense levels for all general fund departments so that County staff may complete budget entry;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of Hamilton County, Ohio that all general fund departments shall develop 2016 budget plans that maintain expense levels within the limits established in ATTACHMENT A, totaling \$207,188,250.

BE IT FURTHER RESOLVED that the Clerk of the Board certify copies of this resolution to Christian Sigman, County Administrator.

ADOPTED at a regularly adjourned meeting of the Board of Commissioners of Hamilton County, Ohio this ninth day of December 2015.

Mr. Hartmann_____

Mr. Monzel_____

Mr. Portune_____

CERTIFICATE OF CLERK

IT IS HEREBY CERTIFIED that the foregoing is a true and correct transcript of a resolution adopted by the Board of Commissioners of Hamilton County, Ohio in session the ninth day of December 2015.

IN WITNESS WHEREOF, I have set my hand and affixed the Official Seal of the Board of Commissioners of Hamilton County, Ohio, the ninth day of December 2015.

Jacqueline Panioto, Clerk
Board of County Commissioners
Hamilton County, Ohio

2016 GENERAL FUND EXPENSE LEVELS

ATTACHMENT A

DEPARTMENT	2016 BUDGET
Auditor	2,126,615
Board of Elections	9,903,700
Clerk of Courts	12,135,270
Commissioners & County Admin	3,842,272
Communications Center	4,638,905
Contracts and Subsidies	3,013,060
Coroner	4,343,546
County Facilities	11,777,443
Court of Appeals	86,330
Court of Common Pleas	8,387,130
Court of Domestic Relations	3,242,486
Court Reporters	2,384,168
Debt Service	6,892,500
Economic Development	1,962,467
Juvenile Court	13,998,344
Metropolitan Sewer District	3,107,249
Municipal Court	5,256,414
Non-Departmentals	4,958,247
Planning and Development	3,056,827
Probate Court	2,844,468
Probation	6,184,099
Prosecutor	13,468,712
Public Defender	16,040,168
Recorder	1,099,664
Sheriff	60,231,510
Treasurer	657,852
Veterans Service Commission	1,548,802
TOTAL	\$207,188,250

PROPOSED CONSENSUS BUDGET ANALYSIS

Administrator's Recommended Budget

General Revenue Revisions

	Revenue	Expenses	Balance
	209,240,000	209,240,000	-
Interest earnings	385,000	-	
Sales Tax	605,000	-	
Transfer Tax	150,000	-	
Revised Administrator's Recommend	210,380,000	209,240,000	1,140,000

Consensus Proposal

Remove transfer tax increase	(3,182,500)	-	
Remove Casino revenue from general fund	(4,300,000)	-	
Six months of revenue on \$20 (Annual) Utility Service Fee	3,505,500	-	
Use of Budget Stabilization Fund	785,250	-	
Raise 911 detail to \$20.95 effective Jan 1	-	(1,750,000)	
Convert 3% salary merit adjustment to 1.5% effective Jan 1	-	(1,105,000)	
Rebates to jurisdictions on detail rate charges	-	803,250	
Consensus Proposed General Fund Budget	207,188,250	207,188,250	-

Consider second 1.5% mid year
Half year reduction to \$15 detail.

Other proposed budgetary items:

<i>Opioid addiction response (from budget stabilization fund)</i>	1,202,000	1,202,000	
<i>Transportation Infrastructure Fund</i>	-	-	
<i>Family homelessness supportive services</i>	-	-	
<i>Market rate salary adjustments (BOCC departments)</i>	-	-	
<i>Market rate salary adjustments (Probation)</i>	-	-	
<i>Business retention efforts</i>	-	-	
<i>Economic Development Site Readiness</i>	-	-	



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November 9, 2015

2016 Hamilton County General Fund Budget

Commission President Greg Hartmann

Introduction

The 2016 Hamilton County General Fund Budget provides an opportunity to continue investments in the policies and priorities this Board of Commissioners has identified as critical for Hamilton County. The 2016 General Fund Budget will allow the County to continue funding the core government services that residents expect, as well improve the environment for job creation and address pressing community and public safety needs.

I would like to thank County Administrator Christian Sigman and the entire Hamilton County Office of Budget & Strategic Initiatives for a 2016 Recommended General Fund Budget (transmitted to the Board on October 5) that is structurally balanced and highly responsive to the Board's 2015-2016 Policy Agenda (attached). Most importantly, the 2016 Recommended Budget sets funding levels closer to "truth in expenditures" to better reflect the projected spending and revenue levels within departments.

Since 2008, the Hamilton County General Fund has been reduced by almost one-third, signaling strong leadership at the County to reduce the budget and live within our means. In a departure from previous years during the economic downturn, the County is in a position of cautious revenue growth. However, the County still faces risks, especially within the expenditures of specific departments, the largest risk being presented by the Sheriff's Department. Without continued restraint and strategic, planned spending by individual County departments, the entire General Fund can be thrown into imbalance and the Board's careful budget management throughout the year will be ineffective.

Keeping these risks in mind, this Board should be certain to recognize the continued, shared sacrifice by a large majority of the County employees and departments. The County is poised for growth and success in 2016 and beyond, due in large part to the hard work and delivery of services by our County workforce as well as collaboration with the independently elected County officials.

Hamilton County's continued rebound from the economic downturn means that it's more important than ever to prioritize sustainable investments that allow us to grow strategically. This budget proposal is designed to continue the policy priorities approved by this Board as well as demonstrate careful restraint in spending for 2016.

2016 Hamilton County General Fund Proposal

The 2016 Hamilton County General Fund Budget reflects several positive items to note:

- The 2016 Budget is structurally balanced without an increase in property or sales taxes.
- The 2016 Budget includes a reserve of 15% of expenditures, meeting industry standards and this Board's long-time goal for the "rainy day fund." In addition to good fiscal management, a healthy reserve fund improves the County's standing with bond rating agencies.

Additionally, the 2016 General Fund Budget should reflect the following priorities.

Identify and Fund a New Coroner's Facility and Crime Lab

The County Coroner's Office faces significant operational difficulties within its current facility and crime lab on Eden Avenue, which lacks the space and equipment needed to effectively and efficiently carry out the department's critical investigations and duties. Over the past two years, this Board of Commissioners has prioritized a solution to address the cramped and outdated crime lab in a cost-effective manner that most benefits County taxpayers.

The Board's restraint in immediately pursuing a revenue or tax increase two years ago has resulted in our ability to now fund a new Coroner's facility within the Five-Year Capital Improvement Plan (CIP), included in the Administrator's Recommended Budget. Within the CIP is a project planning figure of \$40 million to either build a new crime lab or to renovate an existing facility in the County for use by the County Coroner – without increasing taxes to County residents. This planning figure indicates that the County General Fund has the capacity to fund debt service on a \$40 million project. In 2016, the Commissioners will approve a financing and project plan for a new or renovated Coroner's facility and direct County Administration to begin work on this critical public safety need.

Investments in Economic Development and Jobs Growth

Over the past several years, this Board of Commissioners has prioritized investments in proven economic development partners that are delivering results. Through the lean years of the economic downturn, maintaining these investments has improved the local environment for job creation and economic growth.

Within the 2016 General Fund Budget, I support the County Administrator's recommendation to increase the County's funding for REDI Cincinnati to \$250,000 (an increase of \$50,000) to match the City of Cincinnati's investment in REDI. The newly created REDI, a regional collaboration of public and private partners committed to business attraction and economic development, continues to have a significant impact on the economic growth of our region. REDI is funded through investments from partners in the public and private sectors, and has achieved significant successes over the past two years.

Additionally, the County should continue to fund the Port Authority's operations at \$700,000 in 2016, which is also a partnership of the County and the City of Cincinnati, in order to support the Port's focus on catalyzing private investments for transportation, development and community revitalization.

Finally, the County's day to day economic development agency, HCDC, Inc., has continued to demonstrate its success in working with local small- and medium-sized businesses to encourage and support their expansion and growth. While the County's tight 2016 Budget does not currently allow for additional investment in HCDC, above the \$703,000 in operational funding, the Board should continue to monitor the County's fiscal position in 2016 to evaluate the ability to increase our funding to HCDC to further implement the Comprehensive Economic Development Strategy (CEDS) or to institute an "economic gardening" pilot program.

The Administrator's Recommended Budget included a bold proposal to invest \$2 million into site readiness efforts. Our economic development partners (REDI, the Port Authority and HCDC) have identified a lack of "shovel-ready," 50+ acre development sites as a major impediment to large-scale economic development investments in the region.

This proposal is consistent with the Board's direction in the CEDS. I propose that County Administration work with our economic development partners and the City of Cincinnati to develop a more detailed program description for this proposal, and identify development sites with the highest potential for near-term private sector investment. Similar to HCDC's "economic gardening" proposal, the Board will examine potential funding levels for site readiness efforts once the financial results for 2015 are determined.

Implement a Long-Term Solution to Fund the 9-1-1 Emergency Communications System

Hamilton County currently funds the 9-1-1 Emergency Communications System through a \$20.95 dispatch fee to the townships, cities and villages that utilize the County Communications Center, as well as a substantial subsidy from the County General Fund. Over the past several years, this dispatch fee, or "detail rate," has climbed in order to support the increasing costs for operations and capital equipment at the Communications Center.

The rising costs of utilizing the Communications Center has put at risk the collaborative, unified public safety communications system in the County. This year, the Board of Commissioners convened a 9-1-1 Preservation Task Force to identify potential long-term funding solutions to more equitably and cost-effectively fund the Communications Center.

In 2016, this Board should direct County Administration to begin work with the state of Ohio to implement a minimal utility service fee to provide a broader, more equitable funding mechanism for the County's 9-1-1 emergency communications system, with a goal of full implementation by mid-2016. Administration has estimated that a modest monthly cost of \$1.66 to each County household would provide the revenue needed to reduce the detail rate 50 percent, and to greatly reduce the County General Fund subsidy to the Communications Center.

The goal of this revenue source will be to maintain a stable \$10 detail rate to customers for five years. Additional evaluation by the state may further reduce the monthly cost to households on their utility bills and will provide greater clarity on which utilities the fee is applied.

An alternative funding mechanism for the County's emergency communications system will result in lower costs to townships, cities and villages, whose police, fire and EMS agencies have approached the County time and again to reduce the burden on their public safety budgets for this critical County service. A reduced detail rate will help prevent further fragmentation of the Countywide partnership in the 9-1-1 system, protect law enforcement and first responders' safety, and provide relief to the County General Fund, which has been reduced by almost one-third since 2008.

The significant analysis and process for implementation will likely push the collection of this revenue until at least the summer of 2016. In order to maintain prudent and full funding for the emergency communications system in the County, the detail rate to the Communications Center's customers will remain at its current level, as detailed in the Administrator's Recommended Budget, until revenue from a utility service fee or other alternative is implemented and collected.

Support the County Workforce

The Administrator's Recommended Budget includes funding for a performance-based, full-year compensation adjustment (up to 3%) for non-represented County employees, at a cost of \$2.1 million to the County General Fund. **The Board should approve this compensation adjustment, which would provide full-year increases to County employees for the first time in 9 years.** The dedication and commitment to service by the County workforce is a driving factor to the County's continued success, and this modest compensation adjustment is sustainable over the County's five-year General Fund plan.

To the extent that additional future revenue allows capacity for market-rate adjustments to salary ranges for County employees, this Board should evaluate and allocate funding to bring employee salary ranges closer to those comparable positions in the marketplace.

Address the Emergency Heroin and Opiate Epidemic

The massive increase in heroin and opiate-related overdoses and deaths across the state and our region signals an epidemic that needs immediate and long-term action. This year, the Hamilton County Heroin Coalition, a broad collaborative of public health, law enforcement, prevention experts and treatment providers, has developed an Action Plan to address heroin and opiate addiction in our region.

The most critical component of the Heroin Coalition's efforts is to increase the County's capacity for detox, treatment and recovery services as soon as possible. Local hospital systems have pledged \$300,000 each in 2016 for treatment, leaving a gap of approximately \$1.2 million to leverage an additional \$2.75 million in Medicaid for treatment services.

The Administrator's Recommended Budget includes a recommendation to utilize \$2 million in one-time, 2015 casino revenue to fund Board policy priorities. The heroin epidemic is the most pressing public health and public safety issue facing the County, and I propose that the Board utilize \$1.2 million of 2015 casino revenue to increase the capacity for treatment according to the Heroin Coalition's proposal.

Additional Considerations

In closing, the Administrator's Recommended Budget included several worthwhile policy investments that, in a different budget environment, this Board would likely support in some capacity. The County already makes significant investments to address homelessness through the Health & Hospitalization Levy and will allocate \$2 million in 2016 to provide healthcare case management to individuals served in local shelters. Despite the widespread community efforts to impact homelessness, this Board should continue policy consideration for addressing the family homelessness issue, as recommended in the Administrator's Recommended Budget.

Additionally, transportation funding remains a challenge at the federal, state and local level. To the extent that projects with the support of local communities, as well as funding matches, are presented to the County for support, the Transportation Improvement District (TID) should evaluate and make recommendations for funding for these projects.

Next Steps and Budget Timeline

The Board of Commissioners should follow the proposed timeline below to approve a 2016 General Fund Budget:

- **November 16 at 11am: Commissioners' Staff Meeting discussion on the 2016 General Fund Budget.**

*Please provide your feedback and proposed changes to this budget proposal at this meeting. I will share with you an updated budget proposal based upon the Board's continued discussions.

- **November 23 at 11am: Commissioners' Staff Meeting discussion and approval of the 2016 General Fund Budget.**

*This is the Board's last meeting ahead of the Thanksgiving holiday. In order to allocate appropriate County time and resources to other County business before the end of the year, including the sewer district and restricted funds budgets, this Board should make every effort possible to approve a General Fund budget before the Thanksgiving holiday, on November 23.

RESOLUTION AUTHORIZING THE TRANSFER OF CASINO REVENUES TO THE SALES TAX FUND

WHEREAS, the voters of the state of Ohio approved casino gambling in 2009; and

WHEREAS, the approved constitutional amendment enabling casino gambling included a 33% levy on gross casino revenue; and

WHEREAS, the approved constitutional amendment called for 51% of statewide casino levy revenue would be remitted to all 88 counties in proportion to such county's respective populations; with half of each county's distribution will go to its largest city (City of Cincinnati) if that city's population is above 80,000; and

WHEREAS, the Board approved a resolution on November 30, 2011 to redirect casino revenues realized by Hamilton County to the Sales Tax Fund for a period ending 2015 (Vol. 324, Image 8111); and

WHEREAS, the Board desires to continue the transfer of casino revenues realized by the county from the general fund to the Sales Tax Fund.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Hamilton County, Ohio that casino revenues realized by Hamilton County will be transferred from the general fund to the Sales Tax Fund.

BE IT FURTHER RESOLVED that the Clerk of the Board certify copies of this resolution to Christian Sigman, County Administrator; and Dusty Rhodes, County Auditor.

ADOPTED at a regularly adjourned meeting of the Board of County Commissioners of Hamilton County, Ohio this 9th day of December, 2015.

Mr. Monzel _____ Mr. Hartmann _____ Mr. Portune _____

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 in session the 9th day of December, 2015.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the office of County Commissioners of Hamilton County, Ohio the 9th day of December, 2015.

Jacqueline Panioto, Clerk
Board of County Commissioners
Hamilton County, Ohio