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Revitalizing Hamilton County's Future

A working policy agenda for 2011 and 2012

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By Greg Hartmann
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Introduction

Occasional sparks of economic recovery are on the horizon. Yet, while many economists describe their version of what will be the "new normal" post-recession economy, Hamilton County families and businesses are already living it by adjusting their household finances and business decisions to successfully meet their needs in the new economic era.

The national economic downturn has had an unmistakable impact on Hamilton County government. During the last three years, our County budget has been reduced over $62 million (23%), our workforce has been reduced by 1,400 employees and a jail has closed. I am proud that our entire workforce from our independent elected officials, to County Administration, to supervisors, to entry level workers are making smarter, more efficient and responsive decisions to adapt our daily operations to the fiscal realities of the current economy.

While we will still face great challenges, I am optimistic and confident in Hamilton County's bright future. Our greatest challenges include maintaining the fiscal health of the County while pro-actively enhancing the environment for job creation and business investment in our local economy. If we address these budgetary and economic concerns head-on, develop a plan for progress and enthusiastically devote ourselves to implement these changes, we will prosper.

To begin the process of revitalizing Hamilton County, we must create a strategic framework that addresses both our budgetary challenges and need for adaptability while bolstering economic growth potential in our County and in the Greater Cincinnati region. In response to these needs, I advance the following policy priorities for Hamilton County:

1. **Support and Strengthen The Environment For Job Creation**
2. **Address Strategic Issues Affecting The Fiscal Health of the County**
3. **Kick-Start New Cost Saving Measures**
4. **Defend Our Public Safety Needs**
5. **Reduce Property Taxation**

The recommendations within these policy priorities both continue several initiatives by the previous Commission yet also represent a first step in a new direction to enhance the County's fiscal health and enable economic growth in the years ahead. In a change from the past practice of annual policy goals, this two-year policy platform recognizes the significant effort which will be necessary to meet objectives within each of these priority areas. A two-year time frame also ensures that these goals can be fully considered in the context of the 2012 budget process. A number of these recommendations will require adequate time to responsibly consider, offer for public discussion and implement successfully.

These proposals are submitted to my fellow Hamilton County Commissioners for consideration in order to formally adopt guiding policy priorities of the Hamilton County Commission in the coming weeks. I look forward to feedback from the Board, independent elected officials and Hamilton County residents on this agenda.

Support and Strengthen the Environment for Job Creation

As we pursue the path to economic recovery, Hamilton County must at every step strategically support an environment conducive to the attraction and retention of jobs in our community. There are many existing resources available to enable Hamilton County to be directly involved in the advancement and development of our local economy.

Port of Greater Cincinnati Development Authority: It is imperative for the Port Authority Board to develop a strategic master plan and corresponding recommended budget. I look forward to working with the Mayor and Cincinnati City Council in consultation with the Cincinnati USA Regional Chamber of Commerce, Cincinnati Business Committee, the Ohio Kentucky Indiana Regional Council of Governments and additional economic development experts to implement this much needed direction. It has been nearly two years since the reformation of the Port Authority Board occurred in 2009 and a base funding agreement was established between the City and the County. It is crucial that the Port Authority generates a formal recommended plan representative of a long-term vision that is based upon the transformative economic development powers granted to port authorities by Ohio Revised Code. This long-term tactical course of action should explore every possible innovative funding mechanism available by studying other successful Port Authorities across the nation. A key funding tool for potential Port Authority activity includes development of a Bond Fund for which funding must be identified.

County Economic Development Function Assessment: Hamilton County currently spends $1.3 million in direct support of economic development entities including the Port of Greater Cincinnati Development Authority, Hamilton County Development Company and the Cincinnati USA Regional Chamber of Commerce. An economic development function assessment is necessary to identify needs regarding coordination, overlap in function and optimization of the County's $1.3 million annual economic development budget with expected results. It may be necessary to reallocate or consider concentrating this funding to provide the resources needed to advance County economic development efforts.

Transportation Planning and Policy: Hamilton County will continue to seek robust investment in existing transportation assets and future projects that enhance our transportation system to support economic development in the Greater Cincinnati region. Hamilton County will utilize the policy direction of the Transportation Improvement District (TID) and work collaboratively with the City of Cincinnati, other municipalities and townships, the Port Authority and the Ohio Kentucky Indiana Council of Governments to coordinate priority projects and funding requests. Emphasis shall be given to priority projects including the Brent Spence Bridge, 1-75 and 1-71 corridors and intermodal freight transportation.

> **Intermodal Freight Transportation:** In coordination with the Port Authority, State and federal assistance will be sought to support and expand intermodal freight transportation capacity in the southwest Ohio region. Ohio's freight traffic by road, rail and waterway will double by 2020 and will double nationally by 2035. We must leverage our strategic location on the river with existing rail assets to position Cincinnati to attract and retain companies which rely on efficient access to the global marketplace.

Support and Strengthen the Environment for Job Creation (cont'd)

Land Bank: As the region continues to rebound from the economic downturn, it must deal with multiple community-related impacts including blighted, unproductive properties spawned by the foreclosure crisis. Counties have been granted the ability, through State law, to form and fund Land Reutilization Corporations, or Land Banks, in order to obtain and return these properties to productive use in the community. Additionally, land banks may be used to strategically assemble property for commercial economic development purposes. The Board and County Treasurer, together with interested community stakeholders, will work cooperatively during 2011 to create a plan for implementing and funding a County Land Bank.

Review Community Development Block Grant (CDBG) Funding Plan: In 2011, Hamilton County is expected to receive over $3 million in federal CDBG funding. Traditionally, this funding is spread thinly across many municipalities to fix sidewalks and curbs or supplement the budget of a community center. While these projects are valued in each community, we should consider whether there is a smarter, more impactful way to utilize these funds toward the same purpose. It will be necessary for us to engage the broader community and current funding recipients in a conversation about the best way to leverage and focus these dollars in times of scarce resources.

Further Reform of the Planning and Development Department: During the last two years, this department has experienced significant changes to respond to a reduced budget and internal coordination needs. However, a core function of this department includes the building permit process which has failed to reach its full potential of enabling and encouraging the development process. The department must be prepared to handle increased permit demands in a more timely manner as our economy rebounds. In addition, the department should consider shared services opportunities in the Community Planning division to enable broader foresight in planning efforts as well as more efficient service delivery:

> **Permit Waiting List:** A full review of the department budget should be conducted to reallocate the maximum funding available for staff to eliminate the backlog and extreme waiting period to obtain commercial and residential permits. Any budget or personnel function not dedicated to execute this core, mandated service should be considered for redirection to relieve this problem.
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> **Commercial Permitting Process Reform**: The current commercial permit process, under Ohio law, can lend itself to a time consuming and burdensome process for businesses seeking to build or expand in Hamilton County. *This is not the message that we should send to those creating jobs in our community*. By their nature, commercial projects are more complicated and require additional time for review. Unfortunately, the current permit process can add months to a waiting period to finalize permit approval. The department must consider new alternatives to address commercial permitting inefficiencies. If it is determined that commercial permitting inefficiencies can not be resolved internally, we should pursue state legislative action to enable more flexibility with the commercial permitting process.

Support and Strengthen the Environment for Job Creation (cont'd)

Industry Representative Advisory Board: The County should establish an industry representative Advisory Board to offer customer-oriented suggestions on technical process improvements within the Planning and Development Department. Through this mechanism, leaders of the Department can share best practices with industry leaders to avoid process difficulties. The Advisory Board should convene several times per year and include members of the Homebuilders Association of Greater Cincinnati and the Ohio Valley Development Council.

Shared Service Opportunities: Hamilton County should explore shared services opportunities with the Mayor and Cincinnati City Council in the area of community planning, a function which currently exists at both the County and City levels. The Community Planning division of this County department currently comprises six employees. The consolidation of planning functions between the City and County holds tremendous advantages for our community.

Workforce Development Funding: Governor Kasich's proposed development entity, JobsOhio, will chart a positive new direction on job creation and retention in our state. It is likely that the direction and goals for Hamilton County's workforce development funding should be adjusted to deliver maximum benefits for employers and job seekers. An overall assessment of this funding, and how it is delivered in our County, will provide a snapshot of how to best allocate the funds in the future. Hamilton County Job & Family Services (HCJFS) is the administrative and fiscal entity for Workforce Development Funds for Adult and Dislocated Youth, which are awarded to our County through the State's Rapid Response program and other grants. The Southwest Ohio Regional Workforce Board (SWORWIB) uses these funds to deliver needed services for those seeking jobs in our region.

Address Strategic Issues Affecting The Fiscal Health of the County

Stadium Fund: A solution to the crushing burden of the Stadium Fund is the dominant issue affecting the fiscal health and future of Hamilton County. Through 2032, $1.04 Billion is owed in debt service to bond holders for the construction of the stadiums alone. Most of the debt has been refinanced to its maximum capacity – the second mortgage was taken long ago. Despite over $60 million in sales tax revenue infused in the fund each year, at its peak, the fund will run over $600 million into the red. The fund requires roughly $30 million per year in new annual revenue to achieve a solution which solves the fund permanently. The new Board will continue to solicit and review unexplored revenue generating ideas, discuss solutions and monitor the finances of the Stadium Fund at 11 public Staff Meetings, once per month, for the remainder of 2011. It is a priority of the Board to ensure both sports teams participate through lease concessions in any solution to the Stadium Fund deficit.

Monitor Status of 2011 and 2012 General Fund Budgets: In 2011 it is clear that another significant reduction to the County budget is forthcoming from the looming $8 billion State budget deficit to be addressed in the months ahead. A multitude of corrective State budget decisions could impact Hamilton County, including the $18 million allocation Hamilton County receives from the State's Local Government Fund. In addition to State reductions, preliminary 2012 County revenue projections indicate an additional potential $15 million revenue shortfall due to the ongoing retraction of the national economy, property devaluations, state reductions, and cost increases including health care, utilities and labor negotiation settlements.

MSD: The Board of Commissioners shall adopt Metropolitan Sewer District (MSD) budgets for Operating and Capital purposes consistent with required obligations as set forth in the Federal Consent Decree. Hamilton County will remain an active participant in all matters related to the consent decree - including relevant discussions with the State and Federal government. In addition, the County will remain an active participant in the CSO Communities Coalition effort and aggressively lobby for federal and State assistance to reduce local ratepayer expenses. In addition, and notwithstanding the excellent work of MSD employees and leadership, the County, through its judiciary role, will monitor and oversee MSD to ensure that its spending is kept to the minimum needed to efficiently and effectively meet the operational needs of the utility and to comply with the consent decree. Finally, the County must begin in-depth discussions with the City on the future governance of the Sewer District given the pending expiration of the 50-year joint City and County operating agreement in 2018.

Continued Support of Job & Family Services Mission: Although the County provides funding for only one state mandated function (HCJFS exclusively administers state and federal funding) the Board will remain committed to monitoring and supporting the department's important services for the needy. The ongoing efforts at HCJFS serve as a model for lean, efficient government. Faced with nearly a 50 percent reduction in funding, HCJFS has reduced staff by more than 800 positions (a 52% reduction) in two years, yet, through efforts to innovate and modernize, the agency continues to deliver critical, mandated services to this community.

> **HCJFS Audit:** Hamilton County will work with the State Auditor, Ohio Department of Jobs and Family Services as well as federal agencies to complete the HCFS special audit. This special audit has remained unresolved for over five years. As a result, the County does not have audited financial statements for the year 2004 through 2006. The state and federal agencies involved in the audit must bring closure to this issue.

Kick-Start New Cost Saving Measures

County Property Sale: During the last three years the county workforce has been reduced by 1,400 employees. Large county buildings are vacant or only partially utilized and also require costly utility service and maintenance. Hamilton County should divest itself from these non-revenue generating assets. County Administration will develop a comprehensive report on all county owned facilities and spatial options available for consideration, including the sale of these county properties.

Explore Privatization of Facilities Department Functions: Over the last decade, the County Facilities Department has contracted out a number of service functions in order to achieve a leaner, more efficient operation. The Facilities Department operates a $20 million budget and over 25% of this budget is based in personnel costs of 97 employees. It is again time to benchmark the Department's costs against other service alternatives and to pursue whichever course represents the best alternative for the taxpayer.

Shared Services: Hamilton County should seek every opportunity to pursue shared service functions with the City of Cincinnati and other municipalities and townships in Hamilton County. Successful examples of shared services already include the Master Bid Program in the Purchasing Department that involves 23 local jurisdictions, fire hydrant repair in Public Works, and road striping for various municipalities by the County Engineer. Additional shared services opportunities include the consolidation of County's Community Planning division with the City of Cincinnati, consolidation of the City of Cincinnati and Hamilton County Vital Statistics Divisions and a review of public safety asset-sharing and service duplication countywide.

State Mandated Service Review: Given County budget projections for the years ahead, it is more important now than ever to continue to trim unnecessary expenses where we can. A majority of the costs borne by the County's general fund and restricted funds are mandated by Ohio Revised Code in order to support specific departments, services and programs. County Administration, in coordination with Commissioner offices, will conduct a line-by-line budget review of our general and restricted fund budgets to identify all mandated and non-mandated functions. This review of services will allow the County to:

- Pursue state legislative action to relieve or adjust costly state mandates
- Identify areas of service elimination for non-mandated functions

Electronic Payables Program: In an effort to streamline and automate County processes, County Commissioners in consultation with the County Auditor have begun exploring the cost efficiencies associated with the use of an electronic payment card. Using a payment card for a majority of County purchases can help reduce postage and administrative costs, improve the efficiency of payments to vendors and maximize cash flow. By utilizing technology to reduce the need for checks, envelopes and other costly paper supplies, this program will help our County 'go paperless', an important goal to continue to pursue.

Special Counsel Oversight and Budget: Specialized, technical legal advice and guidance from outside counsel is necessary and valuable to the County. However, a thorough review of all Special Counsel assignments should be conducted in coordination with the County Prosecutor to firmly establish budgets, scope of work and more coordinated management of outside counsel. Board policy should be created on the use and management of special counsel. Overall reliance on special counsel has cost the County millions of dollars in the last decade. More important, the County has placed a great deal of historical knowledge and relevant experience gained in the hands of special counsel and not the County organization. This dynamic must be reversed to save taxpayer dollars and build internal capacity.

Reduce The Cost of Energy Procurement: The County spends over $7 million annually on energy costs based in electric and natural gas procurement. A review of all County energy contracts should be conducted to ensure we are receiving the most cost effective rates.

Defend Our Public Safety Needs

Jail Space: The most pressing public safety need our County faces is a lack of adequate jail space to house convicted offenders. Following the rejection of two sales tax increases to fund large new jails in recent years, the loss of 800 jail beds at Queensgate has left the County in a third year with just 1,240 jail beds in the Justice Center and thousands of early releases each year. This lack of jail space undermines our justice system while frustrating law enforcement, the court system and our community.

Since 2008, the County has aggressively pursued full utilization of two contract treatment facilities and diversion programs to reduce the need for jail space. Efforts to address criminal re-entry into the community, specifically the County's forthcoming Re-Entry Strategic Plan, will also play a key role in reducing recidivism. Meanwhile, a concerted effort to ensure triaging of dangerous offenders to the Justice Center is the top priority of our Courts and County Sheriff.

In 2011, Administration will be instructed to re-evaluate all existing assets and county finances to identify any and all possible options to create some level of additional jail space capacity. By example, the County should explore the ability to identify a small or specialized facility which could house female offenders, or a lower security facility to house low level, less dangerous offenders. *We must unwaveringly pursue every possible alternative we have to protect the safety of our community.*

Review of County Law Enforcement: In our review of the County's public safety funding, County Administration will also carefully evaluate the potential benefits of asset-sharing or otherwise combining duplicated functions between the County and other jurisdictions in order to reduce strain on the general fund.

Reduce Property Taxation

Explore Consolidation of Indigent Care and Childrens Services Levy: In 2011 the Hamilton County Children's Services Levy and Indigent Care Levy will both be on the ballot for renewal. Consolidation of these levies would align shared interests in constituencies served with levy funds and provide the opportunity to identify overall cost saving reductions. The levy consolidation would generate a conversation about the level of funding and scope of services Hamilton County property tax payers wish to provide to indigent care in light of federal health care reform efforts. The Children's Services Levy, which finances the cost of all children's services-related expenditures of Hamilton County, would also be considered for cost saving measures, but likely remain fully funded.

Consider Additional Property Tax Levy Review Criteria: During the next two years, four of eight Hamilton County property tax levies will be reviewed by the Hamilton County Tax Levy Review Committee (TLRC) to be placed on the ballot for renewal. This fall, following the rigorous process of advancing the Indigent Care and Children's Services Levy to the ballot, the TLRC will be asked to commence a review of all criteria used to evaluate cost savings and efficiency in an effort to further reduce future Hamilton County property tax levies.

Strengthen Oversight of Independent County Boards and Commissions: Commissioners appoint a number of individuals to represent the County on several independent Boards and Commissions. These organizations include levy-funded agencies as well as state-mandated boards required in all 88 counties which receive funding through public sources, such as property tax levies or portions of other local, state and federal taxes and fees.

In late 2010, two local taxpayer-supported boards unilaterally approved compensation increases to their staff totaling almost $1 million in the wake of three years of County general fund budget reductions totaling $63 million (23%). While the boards of these agencies may act independently of Hamilton County, taxpayer funds should be adequately monitored to ensure employee compensation is in line with local, state and federal budget realities.

Since the Commissioners appoint many of the representatives on these Boards, and are held directly accountable to taxpayers, we will ask our appointments to these boards to more closely monitor their decisions to ensure they are in line with our policy priorities and County personnel decisions. Board representatives will be provided each year with County personnel manuals and other relevant materials, and will be asked to report to the Board semi-annually. In addition, state legislative action will be explored to allow more local control specifically focused on personnel compensation decisions.