**Thomas M. Cooney**
**3536 Edwards Road, Suite 201**
**Cincinnati. Ohio 45208**

June 10, 2013

Hamilton County Board of Commissioners
Hon. Chris Monzel, President
Hon. Todd Portune
Hon. Greg Hartmann
138 East Court Street, Room 603
Cincinnati, Ohio 45202

RE: Family Services and Treatment Levy
Cincinnati Museum Center Levy
Hamilton County Developmental Disabilities Services Levy

Dear Commissioners,

Enclosed with this letter are three reports of the Hamilton County Tax Levy Review Committee (TLRC) for 2012. One report is regarding the Family Services and Treatment Levy, one report for the Cincinnati Museum Center levy and one for the Hamilton County Developmental Disabilities Levy. All of these reports are mid-term reports. In a mid-term report our committee reviews the progress that the agencies have made. We pay particular attention to any recommendations made by our consultants and the contract provisions with the county.

First, I want to thank the County Commissioners for appointing the dedicated and talented members of the TLRC. It is my understanding that the TLRC review process is a unique one in Ohio, but one I think is beneficial

The dedication and hard work of the other members of the Committee should be recognized. Each member served on a subcommittee that conducted a review of the agencies assigned to it. The committee for the Family services and Treatment Levy was chaired by Eppa Rixey and included John Smith and Ed Steiner. The Cincinnati Museum Center committee was chaired by Heather Harlow. That committee included all members of the Tax Levy Review Committee. The Developmental Disabilities Services committee was chaired by Gwen McFarlin. She was joined by Mike Wilson and Mark Quarry. The Committee relied on both the County staff as for assistance. We were especially helped by Lisa Webb.

Each of the reports was adopted by the full committee. A few highlights of our reports include:

1. Developmental Disabilities Services have continued to be good stewards as they have adjusted to the challenging economic environment.

2. We have recommended that the Family Services and Treatment consider eliminating the most recent additions to its program in light of the declining revenues they have received.

3. We believe that the Cincinnati Museum Center (CMC) will continue to need funding from some source at the end of this levy in order to continue property maintenance.

Sincerely,

Thomas M. Cooney

Chair, Tax Levy Review Committee

Hamilton County

Tax Levy Review Committee

138 E Court Street. Room 603

Cincinnati, Ohio 45202

July 18, 2012

Hamilton County Board of Commissioners

Hon. Mr. Greg Hartman- President

Hon. Mr. Todd Portune

Hon. Mr. Chris Monzel

138 East Court Street Room 603

Cincinnati, Ohio 45202

Re: Hamilton County Developmental Disabilities Services-Mid-Term Levy Review

Dear Commissioners:

This is the report of the subcommittee of the Hamilton County Tax Levy Review Committee ("TLRC") formed to complete mid-term levy review of the Hamilton County Developmental Disabilities Services.

The committee members were Gwen McFarlin, Mark Quarry and Mike Wilson.

## Process of Mid-term Review

- Sub-committee formed to review the Hamilton County DD SERVICES from the 2009 Levy
- The subcommittee reviewed the consultant report from TATC Consulting and Management Partners ("TATC") completed in 2009
- Met with Alice Pavey Superintendent, Marty Miller Board President, and other leadership team of Hamilton County DD SERVICES.
- Toured Bobby B. Fairfax School and Jackson Center facilities

## History of Hamilton County Developmental Disabilities (DD) Services

DD Services (known as MR/DD until a law change in 2009 removed the term mental retardation - MR) began providing a full range of educational, vocational and residential services in Hamilton County in 1967. The focus of their services is quality, cost-efficient, seamless care based on a person's individual and unique needs.

The work that DD Services performs is mandated by state and federal law. During the past three years, DD Services continued to place a strong emphasis on:

- Operating as a safety net for children and adults with the most complex disabilities and needs
  - Contracts with non-profit local agencies to serve adults with less complex needs
  - Partnerships with other social service agencies for those served by multiple systems
  - Financial and quality assurance service-sharing with Butler, Clermont and Warren Counties through Southwest Ohio Council of Governments
  - Autism-specific classrooms for children who cannot succeed in a public school setting
  - Satellite classrooms in public schools for children who can succeed there with support
- Early Intervention (EI)
  - Application of an evidence-based practice called Routine Based Interviewing that is based on the family's structure and the child's daily routine
  - Implementation of a Primary Service Provider (PSP) approach that has a lead professional to support and coach families in their natural environments and pulls in other professionals for behavior, occupational, physical, speech therapies as needed

The agency provides services to eligible persons from birth throughout that person's life. They serve over 9,000 families a year overall. In 2011, they served 1,700 babies and toddlers through EI Services. They also are seeing about 35 new referrals for services monthly, most of which are children. It is also important to note that Hamilton County DD SERVICES is the 3rd largest county board in Ohio.

During our tour of the two facilities, we observed multiple individuals with complex physical and behavioral needs, including children with various levels of Autism. These individuals required and were receiving 1:1 support as needed. Based on our observations, it was noted that the agency is seeing an increase in individuals with Autism who have multiple needs. This increase is not unique to DD Services but is a growing concern nationwide. In 2012 the Center for Disease control (CDC) reported that 1-88 children now have signs and symptoms of Autism.[1] To meet these needs, individuals require an increase in health care, education and social services. CDC also reported in 2012 that the annual cost of managing the needs of people with Autism in the USA is now around $126 billion which has more than tripled from 2006. This makes us concerned about how prepared we are in Hamilton County to meet this crisis. It is clear as well that our population is living longer and so is the population served by DD Services. Thus individuals served by DD Services are requiring multiple services from several agencies in addition to DD Services to manage the complex needs of individuals served.

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[1] The Coming Special Needs Care Crisis, News Week, April 30, 2012

## Mid-Term Levy Review

In 2009, DDS passed their 8th levy (3.62 mills renewal plus 0.51 mill increase) by 67.71% of votes in the county. Since the levy was passed the economic impact to the agency in revenue has changed due to the loss of:

- Tangible Personal Property Tax[2]
- Duke Energy appeal (pending)[3]
- State Funding[4]

During our meeting with the DDS leadership team we had requested clarification regarding how they were going to manage their budget as far as revenue and expenditures for the remaining part of the levy dollars. Craig Landers DDS Finance Officer provided the data requested with a brief summary.[5] The summary report indicates a beginning carryover from prior 5 year levy exceeded the projected amount by $14,326,320. This is due to revenues exceeding their plan by $4,114,454 during the first two years of the current levy plan with expenditures below the plan by $2,251.939. After reducing the available carryover for outstanding capital projects and year-end encumbrances the available cash balance exceeds the plan by $11,793,763. It is also important to note that in spite of the decrease in revenue loss due to Tangible Personal Property Tax, their revenue for 2012 is expected to exceed the budgeted amount due to the recent Auditor's re-appraisal reconciliation $880,000, additional reconciliation of their 2007 cost report ($815,307) and the reconciliation of the FY10 waiver reconciliation ($2,118,474). Total additional revenue for 2012 should be @ $3,813,781. The additional revenue will still be less than what was projected in the original levy plan by $2,938,699.

Their Early Retirement Incentive Plan (ERIP) was in effect the first three months until March 31, 2012 with retirement no later than May 31, 2012; DDS expects to see a savings of about $1.65 million a year. As the result of the ERIP program they have eliminated 10 positions and plans to eliminate another 4 positions from the 2013 budget. Thus, the total number of positions has changed from 653.5 in 2005 to a projected total of 607.31 in the 2013 budget, reflecting a decrease of 46.19 positions.

DDS participates in the Medicaid Waiver program whereas they are required to have a match as stipulated by The Department of Developmental Disabilities (DODD). DODD expects projected match to cover the waiver program at a 95% utilization rate. DDS utilization rate is between 85%-90%. The additional 5%, over the 90% requires DDS to pay the state about $1.5 million. Once the waiver program is reconciled they receive this money back. (See the revenue reflected above for the FY10 waiver reconciliation).

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[2] See attachment Tangible Personal Property Tax
[3] See attachment Duke Energy
[4] See attachment State Funding
[5] See attachment July 2012

Currently, DDS has a partnership with the public school system. DDS plans to increase their rates to the school districts as of 2012-2013. The fees were increased from 25% to 50% plus 100% for transportation at the beginning of this levy cycle. It is DDS hope that perhaps some of the school districts will start to transport their own students. DDS plans to monitor their enrollment numbers in order to measure appropriate outcomes with the 2013 budget.

The overall goal of DDS is to reduce the 2013 budget to $106 million, a reduction from the 2012 budgeted amount by $6,850,432, and the 2014 budget to $103 million. By making these reductions DDS believes they will be able to have a projected available cash balance of $8.3 million at the end of this levy cycle.

Also see the attachment "Board of Developmental Disabilities Service Levy Tax Levy: 3.13 Mills, Fund 003-002" which forecast revenue and expenditures from 2010-2014.[6]

We were impressed how DDS was proactive in searching for additional types of funding to offset the loss in revenue. DDS sought additional funding through the Enhanced Federal Medicaid Assistance Plan (EFMAP) and the American Recovery and Reinvestment Act (ARRA) in 2010 and 2011. Some of these funds were used to improve the technology in the schools, which allowed them to enhance the learning opportunities in the class rooms such as interactive teaching and developing computer skills. These funding streams have now ended. Other areas, DDS has taken to adjust to the economic impact of their budget has been:

- Elimination of 35 staff positions
- Implemented an Early Retirement Incentive Program (ERIP)
- Eliminated staff pay increases for 2012
- Moved contracted agencies to a uniform rate
- Requiring providers to become their own Provider of Record(POR)
- Requiring service providers to become Medicaid providers
- Requiring school districts to pay more tuition ( second request within this levy cycle)

**Recommendations**

1. Continue to monitor and report savings from the ERIP program
2. Continue to monitor the Medicaid Waiver Program
3. Continue to monitor the school district funding

DDS has continued to be good stewards as they have had to make some tough decisions as they adjusted to the changing economic environment. As they have met the challenges they have continued to maintain a high level of excellence in the services they provide. They responded professionally to all our questions and request and indeed their services are an asset to Hamilton County.

[6] See attachment DDS Tax Levy 4.13 Mills

In closing we would like to commend Tom Cooney, chairperson of the Tax Levy Review Committee for his leadership and support of our committee. We also want to thank the Board of County Commissioners for providing direction for us during this mid- term process. We appreciate the tenacity and wisdom of the BOCC staff, particular Lisa Webb.

Respectfully submitted,

Gwen McFarlin

Gwen McFarlin-Co chair

Mike Wilson - Co chair

Mike Quarry -member

Hamilton County

Tax Levy Review Committee

138 E Court Street Room 603

Cincinnati, Ohio 45202

March 11, 2013

Hamilton County Board of Commissioners

Hon. Mr. Chris Monzel - President

Hon. Mr. Greg Hartmann

Hon. Mr. Todd Portune

138 East Court Street Room 603

Cincinnati, Ohio 45202

RE: Hamilton County Tax Levy Review Committee
Mid Term Evaluation 2012
Family Services and Treatment Levy

Dear Commissioners

The Hamilton County Tax Levy Review Committee recently completed a mid-term review of the Family Services and Treatment Levy. This levy was passed in November 2009 by a vote of 51.99% for (125,612) and 48.1% against (116,015). It is a levy of .34 mills on residential and commercial property in Hamilton County which was intended to raise approximately $6.7 million per year for a term of 5 years. The levy began January 1, 2009 and is scheduled to end December 31, 2014. The programs in this levy were previously included in the Drake Levy. Public support for the Drake Center ended in 2009 and the Family Services and Treatment levy was created at that time to continue to provide public support for these programs. In general this levy is intended to fund alternatives to incarceration that will educate, rehabilitate and re-train offenders who have alcohol and drug addiction and mental illness associated with criminal behaviors. The programs are designed to work with or instead of incarceration, reduce recidivism, preserve limited jail space for the most serious offenders, and reduce cost. The levy also supports community-based anti-drug programs.

The Mid-Term Tax Levy Review Committee is composed of Eppa Rixey (Chairman), John Smith, and Ed Steiner. We have been assisted by Lisa Webb the Tax Levy and Financial Specialist, Hamilton County, Ohio. On March 13, 2012 at 5:00pm, we toured the facility located at 3009 Burnet Ave., Cincinnati, Ohio which is one of the facilities administered by Talbert House and met with Neil Tilow of Talbert House along with several additional staff members. This facility houses the ADAPT/Drug Court program.

The programs that are funded by this levy are broken down into 3 basic groups:

**Talbert House Programs**

Residential Treatment Programs for Incarcerated Offenders (1617 Reading Rd)
Turning Point & 10 Day DUI Program
Residential Transitional Housing
ADAPT (Drug Court)

**Hamilton County Programs**
Reentry Program
Sheriff's Office
Probation
Municipal Court

**New programs started in 2010**
Off the Streets Program
Drug Free Communities Program
Treatment Court Staff Program

At the time of the last levy review, Talbert House had 5 contracts for levy programs distributed amongst 3 different county departments all with different contract periods and end dates. If these contracts continued to be bid separately controlling costs during the levy period could become a major challenge. The major recommendation of the 2009 levy review was for these contracts to be consolidated into one contract in line with the five-year levy period. County staff worked to consolidate these programs into a large bid package during 2011. The only program not a part of this package was ADAPT, since it is administered by the Mental Health and Recovery Services Board and is outside of the general county government structure. This new levy contract is on the same cycle as the levy, with an end date of December 31, 2014 (with an optional one year renewal).

Also during 2011, County levy revenues took a hit from the state budget phase-out of personal and public utility property tax reimbursements. Since the Family Services and Treatment sizing included remaining state reimbursements from the old Drake Levy (which were completely eliminated in the state budget) the levy took a double hit. This resulted in an annual revenue reduction of nearly $1 million (from levy plan revenue assumptions of just under $7 million). County staff worked with levy programs to minimize the impact of these reductions as much as possible. The immediate casualty was the elimination of the County's Transitional Housing program (cut at the end of the current contract on October 31, 2011). Additional cuts were shared by all levy programs. The bulk of these were taken by the Talbert House programs as they are the bulk of the levy expenditures. In total these programs were reduced from $5.4 million in 2011 to $4.9 million annually in 2012-2014 (with no inflationary increases). It should be noted that these revisions to program service levels were not taken lightly. County staff worked with Talbert House staff to design a plan that would continue to provide key services to the populations with the greatest need.

In light of the decline in levy revenues and the resulting cuts to the core Talbert House-related levy programs, we believe a reconsideration of using levy dollars to fund the new programs added in 2010 is appropriate. While these programs unquestionably have merit, we believe that their inclusion in the levy is problematic, given scarce levy resources and the higher priority this committee believes should be placed on the Talbert House-related levy programs. The 2009 committee report recommended against funding two of the three 2010 add-ons -- the "Drug Free Communities" and "Treatment Court Staff" programs. We concur. We also note that Cincinnati Union Bethel/Anna Louise Inn, which received levy dollars in order to allow the "Off the Streets" program to receive outside matching funds, appear to have means independent of the levy ($12.7 million in federal HUD funding for Anna Louise Inn renovation, for starters) to fund its programs. We believe that scarce levy resources should be reserved for programs without such independent fund raising capability.

In closing we would like to commend Tom Cooney, chairperson of the Tax Levy Review Committee for his leadership and support of our committee. We also want to thank the Board of County Commissioners for providing direction for us during this mid- term process. We appreciate the tenacity and wisdom of the BOCC staff, in particular Lisa Webb.

Respectfully submitted,

Eppa Rixey IV - Chairman

Ed Steiner - member

John Smith -member

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TO: Hamilton County Board of Commissioners
Greg Hartmann
Chris Monzel
Todd Portune

FROM: Heather Harlow, Tax Levy Review Committee

SUBJECT: Museum Center mid-point review

DATE: February 28, 2013

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As you are aware, in November of 2009, the voters of Hamilton County approved a 0.18 mills five-year levy for maintenance, operation and repair of the Cincinnati Union Terminal, home of the Cincinnati Museum Center (CMC).

The purpose of this memo is to provide you with a mid-term review of the CMC levy. Through the course of our review, the TLRC toured the CMC on March 14, 2012, and received an update document from the CMC staff. We have reviewed the July 2009 report from Management Partners as well as a memo from Mrs. Webb to Commissioner Portune from February 23, 2012. Both of these documents are attached to this report.

The CMC has met many of the recommendations made by the TLRC via the Management Partners report:

- The area of strategic planning is continuous. In August 2012, Cincinnati Museum Center achieved accreditation by the American Association of Museums. Further, Museum Center is a founding member of the Giant Dome Theater Consortium. The CMC is working to enhance the Queensgate neighborhood, as one of the largest employers in the area. In their March update, the CMC cited their Free Fridays and community gallery, offering no cost admission and programming.
- The CMC has opportunities for earned income, such as admissions, membership, parking, catering, gift shop, which are a stabilizing factor for their operations. Admissions revenues peaked in 2008 and 2009 with over $12 million. In 2010, the earned income was $8.8 million and $9.6 million in 2011, levels within the norm while showing baseline growth. In accord with the recommendation, in 2010 the CMC reorganized staff and placed all areas of earned income under one vice-president.

In the area of financial management, many of the recommendations have been implemented by the appointment of a new chief financial officer. TATC Consulting reported, "CMC needs to focus aggressively on improving its earned income stream by reorganizing...and by implementing significant recommendations from the 2008 retail marketing strategy report as a part of the Union Terminal restoration." [1] The implementation of these strategies and increasing this support is dependent upon the Union Terminal restoration.

- Special exhibits, in 2010 and 2011, continued to be important revenue sources. Special exhibits also increase Cincinnati Museum Center visitation which has a favorable effect on revenues from parking, retail stores, food court, and admissions to the museums and Omnimax theater.
- In 2010, CMC created an Informatics Department to manage data and increase its information technology capacity.

The longest list of recommendations from the 2009 report came in the area of capital planning and projects. Certainly, the Union Terminal building is in need of major repair. During the TLRC's tour, we saw the areas already completed by Project 1 as well as the portions of the building still in need of repair. Some of what we saw on the tour, like a leaking heating boiler, are normal wear and tear maintenance issues. However, the largest issue is the roofing and wall repair needed to prevent water intrusion and rust on the structural steel. The county managed Project 1, which began in 2009, has a cost to date of $10,458,319 the available funding sources are showing in the following table.

**Project 1 Total Available Funding**

| Source of Funds | Amount | % |
|---|---|---|
| County Levy | 3,976,487.82 | 38% |
| MSD | 154,000.00 | 1% |
| City of Cincinnati | 1,348,340.00 | 13% |
| National Park Service | 231,474.71 | 2% |
| State of Ohio | 4,776,764.00 | 45% |
| NEA Grant | 20,000.00 | 0% |
| CMC | 0.00 | 0% |
| **TOTAL** | **10,507,066.53** | |

The sizing of the current operating levy does not include capacity for any capital projects thus none of the revenue opportunities cited by TATC which required capital investment have been realized. The 2009 operating levy expires in 2014. The current levy contract (approved by the previous County Commissioners and CMC) has many provisions including not renewing an operating levy for Union Terminal's maintenance beyond 2014. The levy was to be renewed for two cycles (2004-2008 and 2009-2014) and no more. There are additional provisions in the agreement between CMC and the county which call for:

- Development of a Union Terminal Capital plan.
- Work with County staff in the development of a revenue and cost scenario in order to build a complete financing plan.
- Identification of alternative revenue sources for the capital plan.

[1] TATC Consulting. "Executive Summary." *Operations and Tax Levy Review: Cincinnati Museum Center.* July 009. Page 3.

- Evaluation of the commercial value and economic impact of the renovations in its capital campaign.

However, the Commissioners may want to consider amending the current two cycle levy limit given the significant operating costs associated with the current disrepair of the building. The TATC Consultants said, "Of critical importance to the long term financial future of CMC is the appropriate balance between earned income, private support, and government support." [2]

Some source of funding will be needed at the end of this levy cycle to continue property maintenance operations outside of the facility's large capital project needs.

Certainly, the capital renovation project (CMC Capital Master Plan) needs to be completed, but the funding source must be determined. The CMC estimates the costs at approximately $163 million at this time and the cost increases to $214 million in 2016 as the project is deferred as there will be additional deterioration and an estimated rise in construction costs. The CMC has suggested such potential funding sources as a bond levy, state capital grants, federal grants, National Endowment for the Arts, and new market tax credits. The CMC does not advocate for a user fee because of the impact on memberships and student/school visits. Research shows increasing membership and admission fees would reduce attendance, causing a net reduction in revenue and would have a negative effect on the intended result of a user fee. The CMC is exploring private funding aspects and has conducted a fundraising feasibility study; however, this study indicated that reaching the endowment goals stipulated, contractually, by the county before the 2008 economic collapse would be a remarkable achievement. This study showed no evidence of private sector support sufficient to fund the restoration of Union Terminal. This study was done before the Music Hall project was underway, thus the feasibility of substantial private sector funding for the restoration of Union Terminal would be even more difficult with it and other major community projects presently seeking private sector support..

The CMC became the sole member of the National Underground Railroad Freedom Center ("NURFC"), an Ohio nonprofit corporation recognized by the Internal Revenue Service as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and assumed control of NURFC and its operations on July 1, 2012. NURFC will continue as a separate 501(c)(3) corporation with independent audits and tax filings. There will be shared services between the organizations which reduce the costs for administrative overhead to both organizations. Revenues to each organization will be accounted for separately and only benefit the organization generating the revenues.

The Cincinnati Museum Center County Tax Levy funds are restricted by state statute for building use, by the ballot language for Union Terminal and by the UT Contract (official language) the expenses are reviewed individually assuring that the tax levy funds are used exclusively on the repair and operating costs of Union Terminal. The Tax Levy Review Committee is confident that these provisions preclude the levy funds being used in any way for any purpose other than the costs of Cincinnati Union Terminal.

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[2] TATC Consulting. "Recommendations." *Operations and Tax Levy Review: Cincinnati Museum Center.* July 2009. Page 48.

The Union Terminal property is owned by the City of Cincinnati (with Hamilton County owning the improvements made to the property with the taxpayer dollars). The TLRC strongly encourages the City of Cincinnati City Council to look beyond new projects and prioritize their resources towards those institutions and architectural treasures that make Cincinnati such a nice place to live (including Union Terminal). In the end, a strong engagement and funding commitment of other stakeholders including the patron community, the philanthropists and business community needs to be a part of the systemic solution. The TLRC feels that the taxpayers (City or County) should not shoulder the entire cost.

Thank you for the opportunity to serve on the TLRC. It is an honor to serve my community in this capacity and to serve with an esteemed group of citizens.

Most sincerely,

Heather E. Harlow

Heather E. Harlow