General Fund Financial Plan 2000-2009

Executive Summary

Planning Process

In March, 1998, the Montgomery County Board of Commissioners appointed a task force of community leaders whose mission was to evaluate the County’s General Fund finances and operations in preparation for the development of a new ten year General Fund financial plan. The Montgomery County General Fund Financial Planning Committee (GFFPC) consisted of twenty-five public, private, and civic sector leaders who were responsible for identifying, setting priorities, exploring alternatives and solutions, and providing recommendations to guide the development of the county’s second ten year financial plan. The county contracted with the Indiana University Center for Urban Policy and Environment (Center) to facilitate the planning process. The committee developed the following mission statement:

The mission of the GFFPC is to develop a plan that assures the economic vitality and quality of life of Montgomery County over the next ten years. Key elements of the plan are:

- Strong community and regional leadership
- Partnerships with the private sector, other governmental units and citizens
- Identify best practices
- Vision

Prior to the development of the 2000-2009 plan, the committee reviewed and analyzed the previous 1990-1999 plan, and the county’s performance relative to this plan. The committee formed three subcommittees to study the major areas of concern. These subcommittees; Economic Development and Amenities; Criminal Justice and Human Services; and Regionalization and Land Use Planning met throughout the year to identify and address issues related to these areas. Subcommittees studied current practice, and reviewed nationally recognized best practices.

Based upon these analyses, the committee established planning assumptions to be used as guidelines for the planning process and for the revenue and expenditure projections for the 2000-2009 plan.
Planning Assumptions

- No new taxes will be levied over the ten-year period
- Continue the use of budget parameters in the annual budgeting process
- Continue the capital improvement funding to maintain the infrastructure of county facilities

2000-2009 General Fund Plan Recommendation Highlights

- Montgomery County Commissioners have a unique role as county wide elected officials and must continue to provide leadership on community issues
- Continue the current county sales tax rate of 1%
- Eliminate service duplication within county government and between governments through service consolidations
- Pursue new approaches to continuous quality improvement
- Create a General Fund Cash Reserve Policy in order to maintain the county’s fiscal integrity and to protect against the impact of an economic downturn
- Create a Strategic Investment Fund to provide money to large projects which enhance the community and have a regional impact
- Continue to fund the EDGE and Arts community programs
- Continue to fund the Affordable Housing community program contingent upon the implementation of an all private sector board
- Create a regional economic development organization which will provide a coordinated regional focus on economic development
- Continue specific focus in juvenile crime and criminal justice.
- Continue the aggressive management of criminal justice costs, especially in the cost of prisoner housing
• Create a coordinated approach to the criminal justice, human services, and education systems, with an emphasis on outcome-based evaluation

• Create new and innovative solutions to juvenile crime

• Develop a county-wide workforce development strategy

• Directly assist in and support programmatic improvements and systemic reform in public education necessary to assure an adequately prepared workforce

• Continue the study and implementation of best practices in a variety of areas

• Lead the development of a comprehensive strategy and creation of incentives for reuse of brownfield properties within Montgomery County

• Additional recommendations, and a detailed explanation of all recommendations, are found in Part V of the plan

Summary

The final product of the committee’s work is a systematic and comprehensive ten-year financial plan. The financial projections detail a spending plan that enables the county to continue to provide its current level of services to the community; to address continuing state and federal mandates; to continue to provide funds for community programs; and to maintain financial stability.

The flexibility of the General Fund is limited by the mandates of the state and federal governments, and by the impact of the economy on the county’s revenues and expenditures. The significant impact of the economy can not be overstated. As in past years, an economic downturn will result in substantial revenue losses, especially in sales tax, and in serious challenges to the county budget. Ten years is an extremely long period for any financial projections, therefore the plan must be monitored annually, with adjustments made based upon actual revenues and expenditures.
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Regionalization and Land-Use Planning

Regional Economic Development Organizations
MONTGOMERY COUNTY
GENERAL FUND FINANCIAL PLANNING COMMITTEE

Thomas G. Breitenbach
President & CEO
Premier Health Partners

Louise H. Mason
Montgomery County Arts and Cultural District

Georgene H. Dawson
Director of Service Operations
Dayton Power & Light Company

F. M. McCurdy
Director, Public Affairs
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Montgomery County Administrator

John E. Moore, Sr.
Co-Chair Parity 2000

Gary Haines
Montgomery County Sheriff

Robert S. Neff
Chairman
Neff Packaging Solutions

David R. Holmes
Chairman, President & CEO
Reynolds & Reynolds

Frank J. Perez
President & Chief Executive Officer
Kettering Medical Center

Michael Johnson
CEO & President
Johnson Energy

Maureen Pero
President
Downtown Dayton Partnership

Jerry L. Kirby
Chairman
Fifth Third Bank, Western Ohio

David H. Ponitz
President Emeritus
Sinclair Community College

Bonnie G. Langdon
President & Chief Executive Officer
Maria Joseph Center

Frederick C. Smith
Chairman
Huffy Foundation

William T. Leukas
Senior Vice President/Investments
Salomon, Smith and Barney

Donald A. Vermillion
Sinclair Community College/University of Dayton

Joseph Litvin
Montgomery County Engineer

Edward White
Human Resources Management Consultant
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Introduction

Background

Ten years ago, the Montgomery County Commissioners and the County Administrator began a process designed to create a long-range view of the county's fiscal goals, especially in light of a serious financial shortfall facing the County General Fund at that time. The Commissioners appointed a task force of community leaders to evaluate the General Fund finances, review county operations, and recommend new initiatives. The Task Force studied activities in the areas of economic development, affordable housing, intergovernmental cooperation, arts and culture, and human services. The Task Force made some significant recommendations. These recommendations positioned the county to reverse its financial situation and to take advantage of a series of new opportunities. The highlights of accomplishments are outlined in Section IV of this report.

Observations for the Next Ten Year Plan

A changing national and international economy, corporate downsizing, environmental mandates, housing needs, and citizen concerns voiced on tax rates and increases all have heightened the stress and competitiveness of metropolitan areas today. In looking to the next ten-year planning period, the county finds itself in a position of strength. It has been prudent with its finances. It achieved a healthy county general fund surplus, while creating a nationally recognized tax base-sharing program for all communities within the county.

The challenges facing the County Commissions and the citizens of Montgomery County include how to maintain their fiscal strength, to be proactive in solving the challenges facing the county, and most importantly to provide the necessary leadership to get the job done.

Development of the 2000-2009 Plan

With those goals in mind, the Commissioners appointed a 25-member General Fund Ten-Year Financial Plan Committee in March 1998. The Committee, chaired by David Pontiz and co-chaired by Daniel Duval, is composed of a cross section of the county leaders. Its responsibility was to generate a consensus on problems, to prioritize issues, to explore alternatives and solutions to issues, and to provide recommendations to guide the development of the next ten-year financial plan.
The first steps were taken in a retreat held to give committee members a broad overview of the county’s fiscal health and long-term projections. At the retreat, the Committee determined that it wanted to work in three broad areas: economic development and amenities; criminal justice and human services; and consolidation and regionalization. While recognizing the county’s special role in these areas, the Committee wanted to make a broad assessment of the issues in all areas. It worked over the summer through subcommittees, and sought advice from agency staff and outside consultants.

The recommendations of the Committee are outlined in this report. All are important, but three stand out as being critical to the future of Montgomery County and all its communities.

- **Leadership**

  The Commissioners and elected official of county government presently enjoy solid fiscal health. As countywide elected officials, they can provide necessary leadership in bringing about deliberation, consensus, and action on countywide issues. They must continue to join with the private sector and be the force that can provide unity and vision for all the governmental entities. It has been done. The ED/GE program is unique amongst urban areas across the country.

  The Committee believes that the county must continue to act to bring about cooperation amongst the 28 different governments within the county. This cooperative leadership is needed to forge continuing partnership with the city of Dayton. Dayton is the center of the county’s population. Its success has to be a top priority in order for the entire region to be successful economically and socially.

- **Service Consolidations**

  County government has a very good opportunity to initiate significant intergovernmental contracts and service consolidations. The Committee’s recommendations discuss the national trends in service consolidation within the criminal justice field. This is especially true with more municipalities phasing out of the pre-trial and prisoner detention business. They are either contracting or statutorily changing the housing responsibilities for these persons to county government. Sheriffs or chief correction officers are able to gain efficiencies by handling larger numbers of individuals. The judges and the criminal justice system also find that it is much more efficient in processing individuals through the system.

  Cooperative agreements also can be created in the delivery of water throughout the county. The Committee saw that customers of consolidated or cooperative rate and billing agreements would benefit.
Ultimately the customers and citizens of the region would gain the greatest benefit.

- **Continuous Service Improvement**

County government's customers are its citizens. Today all service providers, both in the private and public sectors, find that it is in their best interests to continually evaluate the way they deliver services to their "customers." Conditions change, needs change, technology improves. The business world today is constantly reevaluating the way it does things. These efforts must be continued and expanded in county government. The efforts being undertaken by the state of Ohio are good examples. Government, organized labor, and the private sector have joined forces to find the most efficient and the most effective way to serve its citizens. The Committee feels that service efficiencies and improvements should be a constant vigil for county government in the future.

**Summary**

The citizens of Montgomery County should view county government as a business. They have elected officials to be stewards of the business, deliver needed services, provide customer satisfaction, and protect health and safety. The citizens and the business community make investments in the business of the county. A good rate of return for individuals and their families is a good quality of life. Businesses invest their capital. Their rate of return is a positive atmosphere in which their company can grow, expand, and prosper.

Read this report as a prospectus. County government has been run well over the last ten years and has maximized investments. Now the county is asking the citizens to buy stock, continue to invest, and enjoy the progress and accomplishments of the future.

By: John L. Krauss, Senior Fellow, Indiana University, Center for Urban Policy and the Environment

Background

The 1990-1999 General Fund Ten Year Plan was the first comprehensive financial plan developed by Montgomery County. This financial planning initiative, undertaken during 1987, was in response to the combined issues of a serious financial shortfall facing the County General Fund, and the recognition of unmet community needs. A task force of community leaders was formed to evaluate general fund finances, operations and new initiatives. The committee also studied the impacts to the community in the areas of economic development, affordable housing, intergovernmental cooperation, arts and culture, and human services. The highlights of this important planning effort are found in Figure 1.

![General Fund Ten Year Plan 1990-1999](image)

- 1/2 Percent sales tax - increase tied to Ten Year Plan.
- No new taxes for ten years.
- Community Programs -
  - ED/GE - $5.0 million
  - Arts & Cultural funding - $1.0 million.
  - Affordable Housing - $1.0 million.
  - Human Services Capital - $0.5 million.
- $25.0 million bond issue for facility improvements.
- Funds for new programs and service initiatives utilizing a priority setting process for elected officials and inflationary budget parameters.
- Creation of a $1.0 million Capital Improvement Program for buildings.

Figure 1
The year-long analysis led to a recommendation to implement a sales tax increase of 1/2 percent, beginning in July 1989. Coupled with this recommendation was a commitment to no new taxes for the ten-year period. A $25.0 million bond issue, and the creation of a $1.0 million Capital Improvement Program addressed the need for capital improvements of county-owned facilities, and for new facility construction. Operational issues were addressed through the use of inflationary budget parameters, and the development of a priority setting process for elected officials.

A significant outcome of the planning process was the establishment of community programs with annual funding commitments. The community programs include:

- **ED/GE- Economic Development/Government Equity Program**

  This program provides $5.0 million annually for infrastructure projects allocated to participating jurisdictions, as well as a model for jurisdictions to share a portion of the growth of their tax base resulting from economic development with other jurisdictions.

- **Arts and Cultural Programs**

  This program designates $1.0 million annually to contribute to the Montgomery County Arts and Cultural District in order to enhance the quality of life in the county.

- **Affordable Housing**

  This program allocates $1.0 million annually to improve housing opportunities for low-income residents.

- **Human Services Capital**

  This program designates $.5 million annually for human services agencies to use for capital renovation and repairs.

The creation of these programs was one of the centerpieces of the 1990-1999 ten-year plan. An annual allocation of $7.5 million to these programs demonstrated a significant commitment to those initiatives that the citizens' committee felt were important to the quality of life in our community.
Financial Results: Revenues/Expenses

The revenue projections for the 1990-1999 plan are shown in Figure 2.

![General Fund - Ten Year Plan](image)

**Figure 2**

The ten-year plan projected General Fund revenues of $99.6 million in 1990, growing to a total of $135.9 million in 1997. As Figure 2 indicates, the actual revenues fell below these projections, with $99.6 million in 1990, growing to $127.5 by 1997. This revenue shortfall was due to lower sales tax receipts and lower investment income than anticipated. Revenues for 1999 are currently projected at $134.6 compared to the ten-year plan estimate of $148.4 million.
Expenses for the period also fell below the estimated plan totals. As shown in Figure 3, 1990 General Fund expenses were projected at $93.3 million. These totals were expected to rise to $139.3 million by 1997.

![General Fund - Ten Year Plan](image)

**Figure 3**

Actual expenses totaled $94.1 million in 1990, rising to $132.5 million in 1997. Tight budget controls, in response to the economic recession of 1990 and 1991 resulted in significant operational savings. Continued conservative spending on the part of the county's elected officials has resulted in significant savings throughout the life of the plan. Expenditures for 1999 are anticipated to total $134.6 compared to the original ten-year plan estimate of $155.0 million.
Figure 4 shows the actual revenues compared to actual expenditures from 1990 through 1997. The slow economy in 1990 and 1991 had a significant effect on the county's finances. Loss of revenues from sales tax and investment income challenged the county's commitment to a balanced budget. Tight budget controls, instituted in 1991, resulted in operational savings, which reduced expenditures below revenues beginning in 1993.

In 1997, the county funded a large number of one-time capital improvement projects and replaced outdated computer systems. These projects increased 1997 expenses to $132.5 million. For 1998 and 1999, projected revenue and expenditures totals indicate that a balanced budget will be maintained.
Financial Results: Cash Reserves

Another goal of the 1990-1999 plan was to reverse the pattern of decline in the General Fund cash reserves. Defined as the unrestricted cash balance in the fund at the end of each fiscal year, actual cash reserves had declined each year, beginning in 1984, reaching 14.8% in 1986. Projections indicated that, absent significant changes in either revenues or expenditures, the year-end reserve would continue to decline. As indicated in Figure 5, in the first year of the 1990-1999 plan, the General Fund cash reserves totaled $10 million, or 10.8% of the 1989 budget.

Note: The level of cash reserves has grown due to the usage of annual budget parameters; increases in revenue sources; and annual departmental savings.

Figure 5
In light of this data, the planning committee recommended that the county institute a policy that would stabilize and reverse the spend-down pattern of the General Fund cash reserves. It suggested that these reserves be viewed as funds for emergency uses only, and that the reserve balance is built to sufficient levels to withstand periods of economic downturns.

Figure 5 indicates the growth of the General Fund cash reserves over the years 1990-1997. The reserves were stabilized between 1990 and 1992, and began to grow from 1993 onward. The growth has been primarily due to operational savings that are a result of tight expenditure controls, underspending by elected officials, and increases in revenue receipts. At the end of 1997, the county's cash reserves stood at $41.5 million, or 32% of the 1996 General Fund budget.
Financial Results: Sales Tax

Sales tax is the county's major revenue source, representing 46% of General Fund revenues. In order to implement the recommendations in the 1990-1999 plan, an additional sales tax of ½ percent was levied, beginning in July, 1989. This increase provided a total of a 1.0% county sales tax (the total sales tax in Montgomery County is 6.5%) on all eligible goods and services. Sales tax revenue totaled $42.6 million in 1990, and has increased to $57.1 million in 1997. The 1998 total is estimated to be $58.7 million.

![General Fund Revenues](image)

- **Sales Tax:**
  - State sales tax 5.0%
  - County sales tax 1.0%
  - RTA sales tax 0.5%
  - Total sales tax 6.5%
  - 46.0% of General Fund revenues.
  - $58.7 million estimated for 1998.

- **Future Issues:**
  - Continued development of retail outside county.
  - Grows with inflation.

**Figure 6**

As Figure 6 indicates, the growth of the sales tax has been relatively flat over the past three years, averaging only 3%. This sluggish growth is directly attributable to the opening of the Fairfield Commons Mall in Greene County and additional retail development that has occurred in that area.
In conjunction with this increase in the sales tax, a promise of no additional tax increases during the plan period was made. This commitment to the community was accomplished.

### Sales Tax Rates for Ohio Counties

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<th>Tax Rate</th>
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<th>Percent of Total Counties</th>
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<tr>
<td>.50%</td>
<td>9</td>
<td>10%</td>
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<tr>
<td>.75%</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>1.00%</td>
<td>41</td>
<td>47%</td>
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<tr>
<td>1.25%</td>
<td>10</td>
<td>11%</td>
</tr>
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<td>1.50%</td>
<td>23</td>
<td>26%</td>
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The Montgomery County sales tax rate is 1.00%.

**Figure 7**

As Figure 7 indicates, the Montgomery County sales tax rate is currently less than or equal to 84% of all other Ohio counties.
Maintaining the commitment to no new taxes over the ten-year plan period, while instituting budget parameters and other expenditure efficiencies, has allowed Montgomery County to keep the per capita cost of government low relative to other urban areas in Ohio.

Montgomery County has the second lowest cost per capita in 1997 and the lowest cost per capita in 1998. The population is based on 1990 census information.

As Figure 8 indicates, by 1998, Montgomery County had the lowest General Fund cost per capita of the five urban counties in Ohio (including unique funding for community programs in Montgomery County).
Accomplishments

The county's 1990-1999 plan accomplishments are significant. The highlights of these accomplishments may be divided into four categories: financial and central services, facility improvements, community programs, and criminal justice and human services.

Financial and Central Services

The planning process documented the need for both additional revenues and a process to manage expenditure growth. The Board of County Commissioners raised revenues by increasing the sales tax by 1/2 percent in July, 1989. Expenditure growth was addressed through centralization of services, automation projects and fiscal controls tied to an innovative budget process. Accomplishments in this area are:

- Established annual salary and operational budget parameters resulting in an average salary growth of 3.46% from 1990-1997, and an operating cost growth of 2.2% over the plan period.

- Nationally recognized budget process, which has received the Distinguished Budget Presentation Award from the Government Finance Officers of America for all of the plan years.

- Created a General Fund Incentive to Save Program to reward departments for budgetary savings.

- Centralization of the County Auditor's licensing functions, the State of Ohio Bureau of Motor Vehicles Licensing Bureau, and the Health Department's vital statistics division; all located in the lobby of the County Administration Building.

- Centralization of the Auditor's deed transfer services, the Recorder's deed processing functions, and the County Engineer's mapping services; all located on the fifth floor of the County Administration Building.

- General Government Automation Project implemented: countywide network; payroll and human resource systems; voter tabulation and registration systems; and Treasurer's cash remittance system.

- Instituted a self-insured county wide risk management program.

- Moved self-supporting operations out of the General Revenue Fund to Special Revenue Funds.

- Refunded bonds at a lower rate to reduce annual debt service.
Facility Improvements

The county owns more than twenty buildings. The plan analysis identified a need for several county facility improvements, as well as the establishment of a systematic approach to long-term maintenance of county-owned facilities.

Accomplishments in this area are:

- $25 million bond issue for major facility improvements; debt service for bond issue at 2% of General Fund appropriation.

- Capital improvement projects include:
  - Expansion of County Jail
  - Family Courts Renovation
  - Memorial Hall /Old Courthouse Improvements
  - County Engineer Maintenance Facility
  - Assistance in the City of Dayton Rehabilitation Expansion

- Creation of a building depreciation program to cover ongoing maintenance of building infrastructures.

Community Programs

The establishment of ongoing funding for specified community programs was a central feature of the 1990-1999 plan. Four distinct community programs were initiated as a result of the plan; the ED/GE program, the Arts and Cultural Program, the Affordable Housing Program, and the Human Services Capital Program. Of these programs, the first three were very successful. The Human Services Capital Program, designed to provide funds for the renovation and repair of private non-profit human services agencies, was not implemented as originally intended. Subsequent to the initiation of this program, it was determined that public tax funds could not be used in private agencies. Therefore, these funds were instead used over the ten-year plan period for the capital needs of public agencies.
Accomplishments in the area of community programs are:

- Economic Development/Government Equity (ED/GE)

Some of the accomplishments of the ED/GE program are shown in Figures 9 and 10. The ED/GE program has been nationally recognized for its innovation in governmental funding and its tax sharing component. The programs funded by ED/GE are recommended to the Board of County Commissioners by the ED/GE Advisory Committee. This committee is made up of participating communities and business representatives. The ED/GE economic development grants are

**General Fund Community Programs**

**ED/GE Program**

- $5.0 million annual ED/GE contribution with $45.0 million funded through 1998.
- **Accomplishments:**
  - Projects awarded create jobs; reduce local competition; support industries that compete in national and international markets; have a committed end-user; and leverages other sources of funds from private, non-profit and other governments.
  - Allocates funds for capital improvements; special research projects; and economic development reserves.
  - The tax sharing program, through the government equity side of ED/GE, is the only voluntary program of its kind in the United States.

Figure 9
clearly linked to the tax sharing (GE) component. Communities must agree to participate in the tax-sharing component to be eligible for the economic development grants. Based upon a formula, a portion of communities' property and income tax is shared with those communities whose revenues have not grown as well. All but one community in the county are now ED/GE participants. Appendix C provides a summary of ED/GE projects by year.

General Fund Community Programs
ED/GE Program

- **Accomplishments:**
  - Projects to which ED/GE has contributed have retained or created 17,000 jobs and totaled $615.0 million.
  - Some funded projects include: The Postal Encoding Facility for $600,000 in Dayton; the GM Plant (clear coat paint facility) for $1.0 million in Moraine.
  - Victoria's Secret for $650,000 in Kettering.

Figure 10
**Arts and Cultural Programs**

*General Fund Community Programs Arts & Cultural District*

- $1.0 million annual arts contribution with $9.0 million funded through 1998.
- **Accomplishments:**
  - Renovation of the Metropolitan Arts Center.
  - Developed "Innovations" - a countywide cultural plan in 1992.
  - Operating support to 14 major arts organizations.
  - Special grants to cultural organizations.
  - Artist fellowships.
  - Culture Works contract for administrative support.
  - General operation of the Arts & Cultural District.
  - Completed a facility study for performance needs.
  - Completed a five year economic impact study.

**Figure 11**

The Montgomery County Arts and Cultural District has received $1.0 million annually under the community programs initiative. The accomplishments of this program are shown in Figure 11. The Arts and Cultural District Board lists, by priority, the needs of the arts community, and provides grants to arts and cultural organizations. As with the ED/GE program, this process has served to bring competing groups together to develop a comprehensive plan for the provision of arts in Montgomery County.
Due to substantial reductions in state and federal programs, affordable housing was determined to be a significant issue during the planning process. The Affordable Housing Commission was created to leverage these funds to maximize the development of affordable housing for county residents. Figure 12 indicates the significant accomplishments of this program.
- **Law Enforcement**

  Many accomplishments were also realized in the area of law enforcement.

  - The creation of the Criminal Justice Council, a collaboration of local criminal justice agencies, has addressed system wide issues. These issues include jail overcrowding, domestic violence, the development of new strategies for local criminal justice sanctions, juvenile justice concerns, new programs in response to expanded federal and state mandates, and improved automation for the criminal justice system.

  - During the plan period, the county also implemented a countywide 800 MHz radio system, which serves the Sheriff and fifteen county agencies, six local jurisdictions, and the federal government.

  - The county jail was expanded with the addition of 285 beds.

  - The county criminal justice system developed new strategies for addressing local criminal justice sanctions and the housing of prisoners, such as the Offender Reporting Center, Pretrial Services and electronic home monitoring.

  - Improved automation within the criminal justice departments, including video arraignment and the automated fingerprint identification system (AFIS).

  - The Juvenile Court opened its Intervention Center in July 1998 to reduce the time between the commission of an offense and a sanction. The center is a collaboration between Juvenile Court, alcohol and drug treatment and child protection staff, and law enforcement to intervene with the youth to provide better information to judges and magistrates more quickly.

  - Three operations reviews were conducted of the Juvenile Court in the areas of case management, overall operations, and detention center operations. Significant changes were made to case processing, probation management, response to law enforcement, conducting assessments of delinquent youth, and youth work programs.
• **Human Services**

Some of the most significant accomplishments were made in the human service arena.

• **The Montgomery County Job Center**

  • A unique public and private partnership was designed to support the local economy and the needs of the employers in our community. The Job Center is an international model for welfare reform, job training and placement, and community collaboration. The center is a collaboration of more than 40 public and private agencies working together to create the conditions for success to maintain the economic vitality of our region.

• **The Department of Human Services**

  • In 1998, earned $5.5 million in incentives for reducing the welfare case load as the result of a performance-based contract with the State of Ohio Department of Human Services. Achieved more than 60% of active clients participating in a work program, and maintained a high accuracy rate on the determination of benefits.

  • Achieved a 40-year record low of adults receiving welfare benefits. Sixty percent fewer adults received welfare benefits in 1998 than in 1992 due to the success of the Job Center and the Partnership Agreement.

  • Served as the national pilot site for the development and testing of "smart card" technology to replace food stamp coupons. This program is now being implemented in all Ohio counties.

  • Served as the federal demonstration site for enrollment of AFDC Medicaid recipients into managed health care plans. This project is now being implemented in all Ohio counties.

  • Merged the Job Training and Partnership Act (JTPA) program and staff into the operations of the department. This merger resulted in saving hundreds of thousands of dollars through the consolidation of duplicative services.

  • Reduced personnel costs by $5 million annually by working with a consultant to analyze and re-engineer all operations of the department.
• **The Family and Children First Council**
  
  - Created a Council comprised of more than 40 individuals and organizations including elected officials, public and private agencies, consumers, business and labor leaders, and the religious community.
  
  - Developed community-wide outcomes and indicators of success, and directs the funding of local public and private programs, and measures their effectiveness against the outcomes.
  
  - Initiated the development, testing, and implementation of the Community Access Network. This on-line case management system will enhance the delivery of services to clients, while eliminating duplication.

• **The Human Services Levy Council**
  
  - Continued the innovative combined Human Services Levy process.
  
  - Integrated the Levy Council with the Family and Children First Council. The Levy Council commissioned operation reviews and initiated productivity analyses of the Montgomery County Combined Health District, the Children Services Board, the Board of Mental Retardation and Developmental Disabilities, the Alcohol, Drug Addiction, and Mental Health Services Board, and Stillwater Center. These formal reviews and technical assistance assure that the local public health and human services agencies are managed efficiently and effectively.

**Summary**

The 1990-1999 Montgomery County Financial Plan was developed in response to a combination of factors, including declining revenues and unmet community needs. The unprecedented analysis and planning effort produced a far-reaching and ambitious comprehensive financial plan. Its stated goal was to maintain the financial stability of the county, while responding to legislative mandates and community needs. Predicated on the promise of no new taxes, the plan has been extremely successful in guiding the county through ten years of growth, innovation, and community leadership.
Findings and Recommendations:  
Subcommittee Reports

Background

The initial meeting of the General Fund Financial Planning Committee took place in March, 1998. The group identified hundreds of issues relevant to the ten year financial plan. After further discussion, a handful of major areas of concern emerged. Each major area of concern was analyzed in terms of overall themes. These themes were divided into three broad categories: Economic Development and Amenities, Criminal Justice and Human Services, and Regionalization and Land Use Planning. These categories were the basis for three subcommittees. The subcommittees worked over the summer and fall and developed the recommendations outlined in this part of the report.

General Recommendations

- Montgomery County must provide leadership on community issues

  The committee recognizes the Board of County Commissioners' unique role as county wide elected officials. It is vital that the Commissioners continue to use their positions to assert leadership in moving the county forward. It is the recommendation of the committee that the county government play a significant role in countywide issues. There are currently twenty-eight separate governments in the county including the City of Dayton. There is a strong belief on the part of the committee that the success of our county and the region depends upon strong intergovernmental cooperation on a myriad of important issues. The County Commissioners and Montgomery County government must provide leadership and incentives (such as the ED/GE program) to foster and develop cooperation.

  Of special concern to the committee was the relationship between the county and its central city. The City of Dayton faces serious social and economic problems. It is increasingly losing its economic base; while at the same time its social problems continue to grow. Dayton represents approximately 31% of the county population. Moreover, its downtown is the center of the county and the region. The committee strongly believes that Montgomery County and the region are strongly affected by the City
of Dayton, and must work in partnership with the city to address its challenges.

- Continuous Quality Improvement

County government has managed its finances in a prudent fashion. It has initiated annual salary and operational budget parameters; it has conducted several operation and efficiency reviews of its departments/offices; and it has minimized its debt service costs. It should continue this direction, and should pursue new approaches to continuous quality improvement. It should explore efforts undertaken by the State of Ohio, which have resulted in significant cost savings, and improvements in effective service delivery.

- Service Consolidations

Where possible the county should work toward the elimination of service duplication within county government and between governments. Some specific areas of potential service consolidations have been addressed in this report; however the committee recommends that the county take a leadership role in identifying those additional areas where tax dollars could be saved by consolidating services.

- Best Practices

The committee strongly recommends that the Board of County Commissioners, as the elected county wide leaders, experience hands-on investigation of successful "best practice" in a variety of areas. The Commission should travel on-sight to view these implementations.
Economic Development and Amenities

The Economic Development and Amenities subcommittee met during the retreat of the General Fund Financial Planning Committee. The members of this committee included the Chairman, Dan Duval; Michael Johnson; Lou Mason; Mike McCurdy; Marty Miller; Maureen Pero; Ed White and Debbie Feldman. The group developed three broad-based goals for the focus of future meetings.

Goals

- Develop a workforce that is competitive and meets the needs of employers.
  - Education Reform
  - Training and Life Skills
- Improve the quality of life in the region by enhancing and supporting amenities.
  - Arts
  - Universities
  - Sports
  - Riverfront & Parks
  - Downtown Housing (diverse and attractive)
- Develop a centralized resource for Economic Development planning and implementation.

These three main themes were the focus of many meetings held to define and develop the future role of the Montgomery County General Fund in these functional areas.

Subcommittee Process

The vision of the subcommittee for Economic Development and Amenities for the residents of the community was developed through the continued discussion and analysis of “best practices”. Currently, Montgomery County is a “best practice” in the areas of governmental tax sharing and contribution to arts groups.

The Community Programs, created in the prior Ten-Year Plan; the Economic Development and Government Equity Program (ED/GE) and the Arts and Cultural District Contribution, were the main topics of many discussions. Prior to the creation of the General Fund Financial Planning Process, consultants were hired to evaluate the ED/GE Program and the Arts and Cultural Programs of Montgomery County. These detailed evaluations, included in Appendix C and Appendix D, assisted the committee in ascertaining the effectiveness of the
Community Programs and in developing mechanisms for future funding recommendations.

During one meeting of the Economic Development and Amenities subcommittee, Bob Goforth, of the consultant group Leak & Goforth, spoke on the recommended methods for marketing the Dayton region. The basis for this discussion was the Leak and Goforth report found in Appendix E. The report describes how best to focus the resources of local economic development efforts within this region.

The subcommittee also conducted numerous meetings and focused many of the discussions on the creation of new initiatives. The development of the General Fund cash reserve policy, as well as the creation of a Strategic Investment Fund were two of these ideas.

Throughout the process of information exchange, initial goals were discussed and refined in order to reach a consensus for the recommendations that would be brought forth to the entire General Fund Financial Planning Committee.
Recommendations

• Creation of a General Fund Cash Reserve Policy

The subcommittee has recommended that the county develop a policy for the level of cash reserves held in the treasury for the county General Fund. A fund reserve level is essential to maintain consistent quality services to the residents of Montgomery County. A reserve is essential in the event of an economic downturn in the local economy, to mitigate a decrease in General Fund revenue sources (i.e., potential reduction of local government funds), to maintain a high-quality bond rating, and to provide a contingency plan for unforeseen countywide emergencies. The recommendation for the General Fund reserve level is 25%-30% of the prior year adopted budget, with the exclusion of any one-time costs (i.e., extra payroll within a given year). In the event that an increase in cash reserves over the 25%-30% level occurs, the Board of County Commission, at their discretion, should transfer funds for one-time county obligations. Examples of one-time obligations are county-owned building improvement and construction projects, computerization of county operations, or a transfer of money into the Strategic Investment Fund.

• Creation of a Strategic Investment Fund

The Subcommittee recommended the creation of a Strategic Investment Fund. This fund would be created and initially funded from the cash reserves of the General Fund, after the discussion and approval of a General Fund reserve policy. Furthermore, if financial resources permit, a total target of $20.0 million would be transferred to this fund during the ten-year planning period 2000-2009. It is the intent of this recommendation that these funds be used to leverage private and other public investment.

This fund would be utilized only for Regional Community Enhancement Projects in excess of $1.0 million. These projects would have a regional impact for the citizens of Montgomery County, foster community cooperation, and enhance the quality of life for our residents. The proposed projects should have a regional marketing strategy for Montgomery County and add to the amenities which businesses would see as a positive stimulus for future location within Montgomery County. Projects should also have the ability to elicit a countywide audience as a component for funding eligibility.
• Economic Development/Government Equity Program (ED/GE)

The Economic Development and Amenities subcommittee concurred that the ED/GE Program has had a significant impact on the local economy and has produced positive results for local communities. The committee recommended that the ED/GE Program should continue to receive money from the county General Fund beginning with $5.0 million in the year 2000. Beginning in 2001, the ED/GE Program would receive inflationary increases based on the annual General Fund operating parameters for 2001-2009. The committee has elected not to substantially increase the ED/GE Program due to the creation of the Strategic Investment Fund. With large, regional community enhancement projects being funded from the Strategic Investment Fund, this would reduce requests that would have normally been submitted to the annual ED/GE allocation process.

• Arts and Cultural District Program

The subcommittee recognizes the important role of arts and culture in our community, and supports the continuation of this community program. The Committee recommends increasing the General Fund contribution to this community program to $2.0 million annually, coupled with the General Fund inflation parameters from 2001-2009.

• Regional Economic Development Organization

The subcommittee recommends the creation of a more focused regional economic development organization that would coordinate the efforts of the public sector with the private sector. The mission of such an organization would be to market the region and to provide assistance to prospects from outside the region. The County should continue to support the Regional Office of Economic Development in its reorganization to assure its effectiveness as a central coordinating point for the marketing and promotion of this region.
Criminal Justice and Human Services

The Criminal Justice/Human Services subcommittee met four times. The members of this committee were Chairman John Moore, Gary Haines, Bonnie Langdon, William Leakas, Tom Breitenbach, Robert Neff, Fred Smith, and David Ponitz. The committee formed its recommendations guided by four major goals.

Goals

- Encourage the County Commissioners continued leadership roles in the areas of Criminal Justice and Human Services as these issues are of broad community concern, and extend significantly beyond the scope of county government.

- Support the setting of a community-wide agenda for human services through the Family and Children First Council and the Human Services Levy Council.

- Clarify the county responsibility in these programs; the county has a financial role in specific program areas in criminal justice and human services.

- Aggressive management of criminal justice costs. Representing more than 60% of the county General Fund budget, aggressive management of this area is critical to the success of the ten year plan.

Subcommittee Process

During the subcommittee discussions, the subcommittee was provided with a significant amount of background information on Montgomery County’s involvement in both the criminal justice and human service areas. Presentations were made to the committee by David Bennett, criminal justice consultant, regarding best practices in criminal justice systems, jail population management, and juvenile justice (see Appendix F). Two other consultant reports regarding issues in the juvenile justice system, were also reviewed (see Appendices G and H).

Consultant, Paul Brophy, presented the results of the evaluation performed on the Affordable Housing Fund (see Appendix I).

Recognizing their overriding mission of developing a ten year financial plan for the county’s General Fund, the committee members spent time clarifying the varying roles and responsibilities of the county in both human services and criminal justice. The first level of discussion focused on the broad public policy
role of the county in important community issues such as criminal justice, human services and education. Secondly, the focus was narrowed to what is the county’s authority and responsibility both operationally and financially in these program areas, and finally what role does the county’s General Fund play.

It was understood that although the General Fund has some responsibilities in the area of human services, the primary local funding source for human services is the Human Services Levy. The subcommittee recognized the important role that the Human Service Levy Council and the Family and Children First Council play in setting a community wide agenda for human services and did not desire to duplicate their efforts. Rather it affirmed the importance of the community outcome work of the Family and Children First Council, and the important role it plays in setting a community wide agenda for human service spending in Montgomery County.

Criminal justice spending, on the other hand, represents approximately 58% of the county General Fund budget. It is the largest and fastest growing area of the county’s budget. Figure 13, delineates the expenditure categories for these funds. An overview of the county’s criminal justice expenditures was provided to the subcommittee.

![Law Enforcement & Justice
$73.4 Million, 58% of the General Fund](image)

*Non-Departmental includes criminal justice subsidies, board & care of prisoners, alternative programs, assigned counsel costs and other costs.*

*Figure 13*
**Recommendations**

- **Continue the aggressive management of the cost of prisoner housing**

  The committee discussed a great many issues facing the criminal justice system, and the many initiatives which the county has undertaken to manage the growth in this area. Special emphasis has been placed on managing the cost of inmate housing. This cost center includes the county jail and housing of overflow prisoners at the Dayton Human Rehabilitation Center (DHRC). The County Jail was expanded twice during the last ten year planning period. As part of the last ten-year plan an additional 192 beds were constructed. Subsequently, the new facility was double bunked resulting in an additional 93 beds. The current capacity of the jail is 652. The expense of prisoner housing is driven by two factors -- the daily population of the jail and the cost per day. The county must continue efforts to control both these factors. With respect to population management, the county must continue to work with the Criminal Justice Council (comprised of representatives from all major criminal justice offices/agencies) to develop innovative population management programs such as inmate work programs, pretrial release, home detention, and intensive probation. The cost per day must be managed as well. Control of the cost per day is driven by the cost of the county jail and contracts for overflow housing, currently with the DHRC. Recommendations regarding this intergovernmental cooperation issue are made in the Regionalization Subcommittee.

- **Seek funding of state and federal mandates, and maximize local flexibility in the implementation of federal and state programs for policy initiatives**

  The impact of state and federal mandates on criminal justice budgets was illustrated repeatedly in presentations made to the committee. Over the last several years the county criminal justice system has had to respond to new mandates in the areas of victim-witness, sexual predators, Senate Bill 2, a new state initiative to keep low level felony offenders in the local communities, and changes in the domestic violence laws which encourage arrest of alleged offenders. Each of these new policies represents a response to the public's significant concern for its safety. However, none was accompanied by any meaningful federal or state funding. The subcommittee strongly recommends that the Board of County Commissioners continue their annual effort in lobbying for full funding for state and federal mandates as well as maximum local flexibility in the implementation. It was the conclusion of the subcommittee that the county will continue to be the recipient of new mandates, and must have a framework within its budget to successfully implement these new laws and
requirements while at the same time controlling the overall growth in criminal justice spending.

- **Creation of a coordinated outcome based approach to criminal justice, human service and education system planning. Emphasis should be placed on prevention in order to reduce criminal justice costs.**

  Recognizing the many external factors, which drive the rate of criminal justice spending, the committee strongly recommends that a strategy of prevention be developed and pursued. It is understood that many social, economic and human service problems contribute to criminal behavior. Therefore, the subcommittee recommends that stronger ties be forged between the planning efforts of the human services community, specifically the Family and Children First Council, and that of the criminal justice system. Moreover, the outcome based approach utilized by Family and Children First Council should be extended to the Criminal Justice System. It is only through a more comprehensive community strategy that a serious impact can be made on the over $73 million which Montgomery County's General Fund currently spends on criminal justice. It is recommended that the Board of County Commissioners request that both the Family and Children First Council and the Human Service Levy Council strongly consider this recommendation in making allocation decisions.

- **The committee further recommends that special emphasis be placed on a coordinated human service/criminal justice approach in the following areas:**

  - The development of a coordinated approach to deal with juvenile crime (drug abuse and treatment, delinquency, child abuse, visitation and custody).

  - The development of a more collaborative strategy for drug and alcohol treatment with the adult justice system.

  - The development of further linkages between the Job Center and the criminal justice system.

  - **The Juvenile Justice system must continue to develop new and innovative solutions to juvenile crime.**

  Significant time was spent by the committee on the issue of Juvenile Justice. The members encouraged the county commissioners to continue working with the Juvenile Court to improve its ability to respond to juvenile offenders in an expeditious and effective manner. Emphasis should be on ensuring that a continuum of alternatives and services are available to the court beginning with first time offenders and continuing through
appropriate use of secure detention and correction. The subcommittee acknowledges the three independent consultant reports that have focused on issues that are affecting the Juvenile Court. The subcommittee members strongly support the County Commission’s efforts to work together with the Juvenile Court to implement the recommendations contained in these reports. Continued negotiations with the court regarding additional improvements are critical.

The committee supports the new Intervention Center at Juvenile Court. Opened in July of 1998, the goal of the intervention center is to immediately connect the juvenile offender with appropriate court services. It is a collaborative effort involving the Juvenile Court, Children Services Board, Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS), and area police departments. With the creation of the Intervention Center, for the first time, police can now bring more youth to the court than just those youth being detained in the Detention Center. Youth requiring secure detention are placed in the detention center, and those juveniles who do not belong in detention are to be quickly seen by the court and receive the appropriate sanctions. Moreover, where necessary these youth are connected to needed community resources.

The subcommittee recognized the need for more detention beds in the county, and supports the county’s plans to build a new detention center to replace the existing 40-year-old facility. Current plans include the construction of a 144-bed facility. Projections of capital and operating costs are included in the ten-year plan projections.

The subcommittee encourages the county commissioners and Juvenile Court to continue to work on innovative approaches to dealing with the serious problem of youth crime in our community.

- Future funding of the Affordable Housing Program in Montgomery County

The Affordable Housing Program was one of the community programs created as part of the ten-year plan. Funded at $1 million per year this program is intended to spur development of affordable housing in Montgomery County. The subcommittee recommends a continuation of funding for affordable housing at one million annually with an inflationary increase. In addition, the subcommittee recognizes that there is significant unmet needs in affordable housing, and recommends that the BCC consider possible additional funding based upon the financial status of the general fund. An evaluation of the Affordable Housing Fund was conducted during 1998, and the committee reviewed the results as it considered this program. The subcommittee concurred with the recommendations of the evaluation report. There remains a significant need for affordable housing in Montgomery County. However, in order to
more effectively respond to housing needs, the subcommittee recommends that the continuation of General Fund dollars be linked to a more strategic and comprehensive approach, which would target neighborhood development as well as leverage additional resources from the private and public sector. In addition, the committee concurs with the evaluator's recommendation that the board should be reorganized. Continued funding of the Affordable Housing program should be contingent upon the implementation of a board comprised of private sector leadership only.

- **Discontinue Human Services Capital Program**

  The Human Services Capital program was another community program created as part of the ten-year plan. Funded at $500,000 per year, the program was originally intended to provide funding for building improvements for non-profit human service programs. Many of these programs operate in buildings, which are in need of repair, expansion or replacement. Due to legal constraints the program was not able to fund buildings owned by private non-profit organizations, and has not been able to operate as intended. It is the recommendation of the subcommittee to discontinue this program.

- **Continued long term support for the Job Center**

  The Job Center is an integrated service delivery model which provides numerous resources in a single location to help job seekers access work and training programs, including support and health services. For employers, the center provides a pool of qualified, job-ready workers to meet the needs and goals of any organization. It is unique because it provides a totally coordinated system of services both to the job applicants and to the employers. Rather than a number of agencies being located together in one building, it is a system of agencies working together as a single unit to address the needs or concerns that may impede gainful employment. Developed as Montgomery County's response to welfare reform, it has successfully moved thousands of individuals from welfare to work. The Job Center is a resource, which is available to all citizens in the community. Individuals looking for all types of employment from entry level to highly paid professional now use the Job Center as a resource. It has become a powerful economic development tool used by communities throughout the region. The subcommittee recognizes that the Job Center has become a unique and valuable community asset, and recommends the continued General Fund support for operations of $1.0 million annually.
• Development of a countywide workforce development strategy

The subcommittee recognized the importance of workforce development in the county, and encourages the County Commissioners to take a leadership role in the creation of a countywide workforce development strategy. This recommendation is consistent with the recent passage of the federal workforce development legislation. Any comprehensive strategy should include the Job Center, Job Training Partnership Act (JTPA) as well as the large number of vocational and training programs both private and public.

• Reform schools to ensure that children are prepared to be economically self-sufficient in our community

Although the subcommittee acknowledges that the county has no direct role in education, it believes strongly that improvements in the educational system are critical to the success of many of the efforts in human services and criminal justice systems. Therefore, the subcommittee strongly encourages the commissioners to directly assist in programmatic improvements and encourage systemic reform in public education. An example of this leadership is the role the county has taken in the Out of School Youth Task Force.

• Reduction of the poverty rate within Montgomery County

The reduction of poverty is a very important goal, and the focus of a great deal of the outcome based strategy currently being developed by the Family and Children First Council. The Board of County Commissioners should continue to support FCFC in its efforts to focus resources on a coordinated strategy to improve the quality of life for the county's low-income residents.
Regionalization and Land Use Planning

The Regionalization and Land Use Planning subcommittee members included the Chairman, Don Vermillion, Georgene Dawson, Jerry Kirby, Steve Mason, and Joe Litvin. The subcommittee developed five broad-based goals to review and make recommendations on how to meet the goals. The five goals were as follows.

Goals

- Make demonstrable progress on consolidation of services in those areas where best case research confirms the largest cost-benefit, and where we can learn from the consolidated planning processes.

- Lead the development of a comprehensive strategy and creation of incentives for re-use of brownfield properties within Montgomery County.

- Continue the progress on sharing the costs and benefits of economic development and housing throughout Montgomery County while insuring that balanced growth occurs inside the urban service area.

- Implement privatization of services where there can be a demonstrated reduction of service costs and an increase in the quality of services.

- Provide leadership in working with other counties and the State of Ohio to address the need for regional urban service boundaries.

Subcommittee Process

The subcommittee conducted numerous meetings to review best case research that was completed by Indiana University related to brownfields, regional water supply, building regulations and jail bed management. The best case research provides examples where center cities and counties have worked together to put brownfield properties back in service; have integrated or combined their water supply systems to make the water utility more effective and at a lower cost to customers; have integrated their building regulation operations to create a truly one stop center for the building community, with improved service and lower cost; and have integrated or combined their jail beds for the most efficient use and with cost savings to both the cities and counties involved. The best case research information is included as in Appendix J.

The subcommittee also reviewed a report completed by Montgomery County staff related to the history of the City of Dayton/Montgomery County jail population management issues. They also reviewed consultant reports related to consolidation of county and other jurisdiction’s building regulation and permitting functions, and a report on the history of the Montgomery County Urban Service Boundry.
Recommendations

• Economic Development

The county should continue its ED/GE Program as a means to encourage the local governments in the county to act in a more unified fashion on economic development matters. The tax-sharing component of the ED/GE Program is a critical piece in that strategy. Great progress has been made in how the county and the twenty-seven local governments are working together on economic development through the ED/GE program, and continuing this effort for another ten years should produce even more positive results.

The county should continue its efforts started over the last several years to coordinate with the public economic development efforts of all counties in the Dayton area. The Indianapolis experience has shown that economic development is a multi-county effort, even where there is a combined city-county government in place.

• Land Use/Regional Planning

The county should continue to use the urban service boundary that is a part of the Montgomery County Comprehensive Plan in its planning decisions. Such decisions include the extension of public utilities such as water and sewer lines, and the location of other public infrastructure such as highways. The county should attempt to get the other local governments in their individual land use and public infrastructure decisions to use the urban service boundary in their decision making. The consultants' report showed that those communities that are being overwhelmed by urban sprawl are creating urban service boundary designations to try to correct past problems. In order to stay ahead of the devastating impact that can occur through leapfrog development and overextended utility systems, the county should continue to use and refine the planning tool — the urban service boundary — that it already has in place. The county should also explore the feasibility of establishing additional areas identified as transition areas, which would generally be located between the present urban service boundary and rural areas. As the name implies, such areas would serve as buffers or transition areas within which a limited amount of non-farm residential development could be permitted, resulting in a blending of the rural and urbanizing portions of the townships.

The county should use its various funding sources, such as Community Development Block Grant (CDBG), ED/GE and others to encourage the re-use of brownfield sites in the county. Using these public dollar sources as incentive, the county can more likely get private sector interest in these sites. Success in this strategy will assist the county in implementing its
urban service boundary and help in preserving prime farmland in the county.

- **Functional Consolidation**

- **Building Regulations**

The county should work with Dayton, county agencies and other cities in the county to develop a true one-stop center for building regulations. The experience in Indianapolis has shown that mere co-location of building regulation functions will not provide the value added necessary for helping the building process in this county assist in the overall economic competitiveness of the Dayton area. Because of this finding, the committee recommends that whatever county agencies and municipal jurisdictions decide to be a part of this one-stop center, the activities involved should be operated under one management structure in order for the one-stop center to succeed. At a minimum, the permit areas of each jurisdiction should be linked electronically, so that information is easily accessed with a common database. Past studies by the public and private sector have made the co-location/integration recommendation; it’s time for implementation.

- **Jail Facilities**

The consultants’ studies show that the trend nationally is for cities to turn their pre and post-sentenced jail facilities over to counties for the most cost effective community corrections system. Since Montgomery County, in its ten-year financial projections, assumes that it will pay for all of the municipal prisoner housing costs during that time period, the cities in Montgomery County should have the county assume the operation of these facilities. The escalating criminal justice portion of the county budget will eliminate the ability of the county to fund any of the investments needed for the continued high quality of life in this community unless the county finds ways to control this portion of its budget. Prisoner housing costs is one of these costs that must be managed in the most cost-effective manner that is in the best interests of the taxpayer.

The subcommittee strongly recommends that the county pursue the least cost alternative for overflow prisoner housing. Negotiations with the City of Dayton on the cost of the Dayton Human Rehabilitation Center (DHRC) should commence immediately as the cost is currently $8 higher per day than the County Jail. If costs cannot be reduced at the DHRC the subcommittee recommends the county explore other lesser-cost alternatives for housing.

The subcommittee’s recommendations with respect to prisoner housing are made with the understanding that the county faces a significant increase in this area in the year 2000 when an agreement with the City of
Dayton with respect to the charging of prisoners expires. At the expiration of this agreement, Montgomery County has agreed to a shifting of the cost of housing and indigent defense of misdemeanor offenders arrested by the Dayton Police Department. The result of this change in charging practices is a transfer of an additional $3.2 million of expense to the Montgomery County General Fund from the City of Dayton. The greatest share of this cost is for the housing of prisoners.

In Ohio, individuals who commit a misdemeanor crime can be charged with either a violation of the Ohio Revised Code (ORC) or a violation of a city's code of General Ordinance. The decision as to what type of charge to file is made by the police and prosecutors office of each city. If the individual is charged with a violation of the ORC, the Ohio law dictates the county government is responsible for all associated costs such as indigent defense and incarceration. If, on the other hand, the offender is charged with a violation of the city's ordinance, the city is responsible for costs. All cities and villages in the county with the exception of Dayton currently charge serious misdemeanants with violations of the ORC, if it appears that the charge may result in incarceration.

In an agreement reached in 1992 termed the Charging Policy the city of Dayton agreed not to utilize its ability to charge under state statute (therefore passing these costs to the county) for a period of nine years. The agreement expires in 2000.

- **Water and Sewer Systems**

The consultants' studies showed the cost effectiveness of combining utility systems through a larger number of customers sharing in the fixed costs that are a part of any utility system. The county and cities inside Montgomery County that operate their own water and sewer systems should seriously look at the cost effectiveness of independent operation of the systems, versus the cost effectiveness of combining these public utilities. The days of using utility systems as a tool of annexation appears to be near an end. It is a logical time for the county and the cities to end the individual operation of water delivery systems, and to move toward cooperation in the delivery of water. They must look at the way in which these systems can best be operated from a reliability and cost effectiveness standpoint, collectively, for the benefit of all county residents. The primary goal must be to provide a cost effective, high quality water supply for the residents of Montgomery County.
General Fund Financial Plan
2000-2009

Background

Prior to developing recommendations for a new ten-year plan the committee reviewed and analyzed the results of the 1990-1999 plan. These results have been detailed in Part IV of this report. Based upon this analysis, the committee established guidelines to be used as assumptions for the revenue and expenditure projections in the preparation of the current plan.

Planning Assumptions

- No new taxes will be levied over the ten-year period.

- Continue the current county sales tax rate of 1%.

- Continue the community programs (with the exception of the Human Services Capital Program).

- Continue the use of budget parameters in the annual budgeting process.

- Continue the capital improvement funding to maintain the infrastructure of facilities.

- Creation of the Strategic Investment Fund and the General Fund cash reserve level.

General Fund Financial Projection Overview

The General Fund projection was developed with the intent of having a systematic, comprehensive ten-year financial planning process. The financial projection details a spending plan that will enable the county to continue to provide its current level of service to the community; address the continuing costs of state and federal mandates; continue to fund the community programs (Economic Development and Government Equity Program (ED/GE), Arts and Cultural contribution and Affordable Housing initiatives); fund the creation of a new Strategic Initiative Fund; and maintain financial stability through the adoption of a General Fund cash reserve level. The plan continues to utilize annual General Fund salary and operating parameters, and reflects an annual balanced budget.
The plan assumes no new taxes over the next ten-year period from 2000-2009. Since there are no new taxes projected over the life of the plan, at its completion, the county will have operated within its base revenue stream for a twenty-year period. In order to successfully accomplish this goal, the plan reflects a continuation of the county's practice of prudent financial management. Growth in annual budgets must occur within the context of the ten-year planning assumptions. A strategy of revenue maximization where possible must be followed throughout the ten-year period. Finally, the county must continue its commitment to continuous quality improvement measures.

As indicated above, the plan reflects a continuation of county services at current levels. In addition, it attempts to provide for the cost of state and federal mandates throughout this planning period. These spending goals will be accomplished through the continued use of General Fund salary and operating budget parameters.

The ten-year plan reflects the county's continued commitment to fund community initiatives. The committee's recommended funding levels have been included in the plan for the Economic Development and Government Equity Program (ED/GE), the Arts and Cultural District Contribution and for Affordable Housing. All of these initiatives are considered "best practices" across the country. The plan includes funding for these programs as follows: ED/GE $5.0 million beginning in 2000 with inflation parameters beginning in 2001; Arts and Cultural District Contribution $2.0 million in 2000 with annual inflation parameters beginning in 2001; and Affordable Housing $1.0 million in 2000 with annual operating inflation parameters beginning in 2001. Inflationary increases will be consistent with the overall General Fund operating parameter. Based upon the recommendation of the committee, the Human Services Capital program has been discontinued.

Reflected in the plan is the recommendation of the General Fund Financial Planning Committee to establish a cash reserve policy for the General Fund. The intent of a reserve policy is to maintain resources for the ongoing provision of services in the event of an economic downturn in the local economy; to protect against a potential decline or loss of General Fund revenue sources (i.e., potential reduction of Local Government Funds); to have adequate resources to address a countywide disaster; and to maintain a high quality bond rating for Montgomery County. The recommendation is for a General Fund reserve policy set at 25%-30% of the prior year adopted budget.

In conjunction with the General Fund Reserve Policy, the plan reflects the committee's recommendation of the creation of a Strategic Investment Fund. This fund would be initiated from the cash reserves of the General Fund (following the guidelines set by the reserve policy). Furthermore, if financial resources permit, a total of $20.0 million would be transferred to this fund during the ten-year planning period 2000-2009. It is the intent of this recommendation that these funds be used to leverage private and other
public investment. This fund would be utilized only for regional-community enhancement projects in excess of $1.0 million. These projects must have a regional impact for the citizens of Montgomery County; foster community cooperation; and enhance the quality of life for our residents. A further discussion of this recommendation can be found in Part V of this report.

- The committee recognized the significant challenges the county faces in managing expenses related to criminal justice. Responsible for over 58% of the county budget, the growth in this area is often driven by new federal and state mandates. The plan reflects the county’s continued commitment to innovative and cost-effective approaches to meeting the demands of the criminal justice system. Of particular concern is controlling costs in the area of prisoner housing. This issue is addressed in the criminal justice sub-committee recommendations. The plan does include the significant increase that Montgomery County will absorb at the expiration of the City/County charging policy in 2000. The estimated impact on the county of the change in charging practice by Dayton is $3.2 million annually.

- A significant criminal justice initiative which will occur during the planning period is the construction of a new juvenile detention facility. The plan assumes that the facility will be funded with savings from the annual budget in 1998 and 1999, as well as federal and state assistance. The estimated cost of the project is $20 - $25 million. This funding approach would alleviate an ongoing impact of increased debt service costs over the life of the ten-year plan. The additional operating costs associated with the new facility are incorporated into the plan in 2003.

- Revenue projections assume the continuation of Local Government Funds from the State of Ohio. Currently, the county receives 42% of the total Local Government Fund distribution and 37% of the total Local Government Revenue Assistance Fund distribution. If the population within the municipalities in Montgomery County reaches 81% of the total county population, then Montgomery County stands to face a reduction in Local Government Funds in the amount of an estimated $3.7 - $4.2 million dollars annually. This will severely impact the financial projection, and budgetary adjustments to continue a balanced budget would be necessary.

- Another large revenue source for the General Fund, investment income, will also require careful monitoring within this plan. The plan assumes aggressive projections for investment income based upon an annual increase in the county treasury of 4.0%, an average weighted yield of 5.7%, and the General Fund share of investment income proceeds of 84%. If these assumptions remain accurate, and the county does not incur a large spend down of fund reserves, this revenue source should remain stable.

- The following pages provide a more detailed review of the revenue and expenditure assumptions incorporated in the ten-year plan forecast. Forecast data is contained in Appendix A.
Revenue Projections

The following charts provide more detail and explanation regarding the revenue projections, utilized in the 2000-2009 ten-year plan.

![General Fund Budgeted Revenue Categories in 2000]

Figure 14

The budgeted revenues in the first year of the plan reflect the historic picture of receipts. Figure 14 reflects no projected significant changes in the relative magnitude of revenues.
Figure 15

Total revenues, shown in Figure 15, over the planning period, are projected to grow from $137.6 million in 2000 to $179.2 million in 2009. The anticipated increase is projected at approximately 3% per year.
**Sales Tax**

The largest revenue source in the General Fund is the sales tax. It is also the revenue source that is the most sensitive to the health of the economy. An economic downturn will result in substantial revenue losses.

As indicated in Figure 16, the sales tax revenue is estimated in the plan to increase 3% annually. Continued retail development outside the county, particularly in Greene County impacts the growth in sales tax projection. Moreover, it should be noted that this revenue source is greatly affected by the overall health of the local and national economy.

---

**General Fund Revenue Projections**

- **Sales Tax**:
  - State sales tax 5.0%
  - County sales tax 1.0%
  - RTA sales tax .5%
  - Total sales tax 6.5%
  - 45% of General Fund revenues.

- **Projection Issues**:
  - Estimate of 3.0% annual inflation.
  - Continued development of retail outside county could impact receipts.
  - Receipts based on the status of the local and national economy.

*Figure 16*
Investment Income

The most volatile revenue source in the General Fund, investment income is generated by the interest earned on the investment of the county treasury. County investments are governed by state law, and are limited to government securities with a maturity length of no longer than five years.

Figure 17

The amount of investment income is based upon the average yield on county investments and the size of the county treasury. The General Fund receives 84% of all investment income generated by the county treasury. As indicated in Figure 17, investment income is projected to remain relatively stable, and to grow at approximately 4% annually.
**Charges for Services**

This category of revenues makes up 10% of county revenues and is comprised of a variety of state mandated fees charged by elected offices for the provision of services. Included are fees levied by the Auditor, Courts, Recorder, Sheriff, Treasurer, County Commission and others.

---

**General Fund Revenue Projections**

- **Charges for Services:**
  - Fees charged by elected officials for the provision of services. This includes fees for the Auditor, Courts, Recorder, Sheriff, Treasurer, County Commission & other fees.
  - Some fees are mandated by the Ohio Revised Code.
  - 10% of General Fund revenues.

- **Projection Issues:**
  - State mandated fees are inflated at 2.5% and local fees are estimated to increase with inflation.
  - Anticipate slow growth in this revenue category.

---

**Figure 18**

In most cases the maximum fee levels are set by the Ohio Revised Code. Due to the restrictions in state laws, this revenue source is projected to grow at an overall rate of 2.5%, as indicated in Figure 18.
Local Government Fund

Local Government Funds are a form of state revenue sharing based upon the receipt of sales, corporate franchise, income and public utility taxes. It represents 11% of the General Fund revenues.

Local Government Funds are a shared revenue source with all local governments in the county. Montgomery County’s share of this state funding source is predicated upon less than 81% of county residents living in incorporated areas (cities and villages). As a result of recent city/township mergers such as Trotwood/Madison Township, Riverside/Mad River Township and Clayton/Randolph Township, the percentage of county residents living in incorporated areas has grown significantly.

The county must closely watch this demographic pattern. If the 81% level is exceeded, and in the event that there is no change in state law, it is estimated that the county’s level of local government receipts will drop approximately $3.7 - $4.2 million annually. These funds will be redistributed to other local governments in the county on the basis of a local formula.

In the event that such a loss does occur, it will be imperative for the county to make mid-plan adjustments in order to maintain its commitment to a balanced budget. Local government revenue projections are shown in Figure 19.

![General Fund Revenue Projections](image)

**Figure 19**
Property Tax

Property taxes represent 9% of General Fund revenues. Growth in this revenue source is determined by a process of periodic reappraisals of property conducted by the County Auditor, and by growth in new construction.

- Property Taxes:
  - Taxes collected for General and Personal Property by the Auditor.
  - 9% of General Fund revenues.
- Projection Issues:
  - Inflated at 1.0% annually, 3.5% after triennial updates and 8.4% after sexennial updates of property values.
  - Slow growth annually. Revenue is impacted by the three and six year reappraisals of property.
  - Impact of proposed public utility deregulation is anticipated in 2000.

Figure 20

Projections over the ten-year period are based upon historic patterns, and are 1% in non-update years, 3.5% after each triennial update, and 8.4% after sexennial updates of property values. Projections for these revenue sources may be impacted by proposals for public utility deregulation and in continued devaluation of property within the City of Dayton. Figure 20 indicates the projected trend for this revenue source.
Other Revenue Categories

This category is comprised of other taxes; other intergovernmental revenues, licenses and permits, fines and forfeitures, miscellaneous and other financing sources. Overall growth in this area is projected at 2% to 2.5% annually, as shown in Figure 21. Fluctuations in this category occur due to the cyclical nature of these receipts.

The most significant issue affecting this category will be the loss of revenue from the City of Dayton due to the expiration of the City/County Charging Policy in the year 2000. The loss of revenue is related to jail and public defender reimbursements, and totals approximately $1.3 million.

![General Fund Revenue Projections](image)

**Figure 21**
Expense Projections

An overview of the General Fund budget in 2000, the first year of the plan, by category, reflects traditional spending patterns of the county. Figure 22 indicates that Personal Services (salaries and fringe benefits) represent 53% of the budget.

It will remain extremely important for the county to manage the growth in its salary budgets over the ten-year period. As the majority of the county’s workforce is represented by collective bargaining agreements, it is vital that negotiations with the various bargaining units occur in the context of the ten-year planning projections.
Figure 23 reflects the projected growth in expenditures over the planning period. Expenses are forecasted to grow from $137.5 million in 2000 to $179.2 million in 2009. This increase represents an annual average increase of 3%. This expenditure growth is consistent with the projected growth in revenues, and satisfies the Board of County Commissioners commitment to balanced annual budgets.

*General Fund Expense Projection 2000-2009 (in millions)*

Expense increases range 2.7% to 3.4%.

Figure 23
**Personal Services**

Personal Services represents 53% of the budget. Controlling the growth in this category is vital to the success of the plan. Salary budgets are projected to grow at an annual rate of 3%, as shown in Figure 24, over the life of the plan. Health insurance benefits have been estimated at a 5% increase annually.

The county should continue to rely on its use of budget parameters to manage the increase in salaries, as well as operating costs. Careful attention must be paid to the insurance market. The county must continually assess the options it provides to its employees to insure the most cost-effective approach.

![General Fund Expense Projections](image)

**Figure 24**
Operating Expenses

This category represents 31% of the budget, and is comprised of a wide variety of expenses including general operating expenses, professional services, operating subsidies, operating transfers, board and care of prisoners, and capital outlays.

Included in this category is the additional expense that the county will incur for housing of prisoners when the City/County charging policy expires in 2000. The additional cost to the county for the housing of prisoners is estimated to be $2 million. The plan projects an estimated annual increase in this category of 2%, however, operating costs tend to fluctuate based upon the cyclical nature of some expenses (i.e. cost of elections), as shown in Figure 25.

![General Fund Expense Projections](image)

*Operating Expenses:*
- This category is comprised of operating expenses; professional services; operating subsidies; operating transfers; board & care of prisoners and capital outlays.
- 31% of General Fund budget.

*Projection Issues:*
- Operating, professional services and board and care are inflated 2.0%. Capital outlays remain stable during the ten year plan.
- This category fluctuates due the cyclical nature of operating costs for county elections.

Figure 25
Public Assistance

Although most county expenditures for human services are funded through the Human Services Levy, the General Fund does have some significant state and federal mandates it must fund. The State of Ohio requires that every county fund a share of public assistance expenditures. This amount is called the county’s mandated share and is set by state law.

In addition, the federal government mandates the child support program operated by Montgomery County. The county is required to fund 34% of the cost of the program. In addition, the county’s commitment of $1.0 million annually to the Job Center is reflected in this budget category. Figure 26 shows these projected expenses.

![General Fund Expense Projections](image)

**General Fund Expense Projections**

- **Public Assistance Expenses:**
  - This category includes costs for the mandated share of public assistance expenditures; child support enforcement obligations and the annual contribution for the Job Center.
  - 7% of General Fund budget.

- **Projection Issues:**
  - The annual Job Center obligation remains at $1.0 million.
  - Mandated share expenses are increased based upon the hold harmless provision from the state of Ohio. Child support costs are also a component of this category.

**Figure 26**
Community Programs

The Community Programs, which were established in the last ten-year plan, were thoroughly reviewed by the committee. A detailed explanation of the committee’s recommendations can be found in Part V of this report. The ten-year plan projections included the committees’ recommended funding levels.

- **ED/GE** -- $5.0 million annually plus an adjustment for inflation
- **Arts and Culture** -- $2.0 million annually plus an adjustment for inflation
- **Affordable Housing** -- $1.0 million annually plus an adjustment for inflation
- **Human Service Capital** -- Not recommended for future funding

Inflationary increases will be consistent with the county’s annual General Fund operating parameters, and will begin in 2001 through 2009. Figure 27 indicates these costs.

![General Fund Expense Projections](image)

*Figure 27*
Debt Service

Montgomery County has traditionally taken a conservative approach to debt financing. This philosophy is reflected in the new plan. The debt service category reflects continued payments on existing debt, as well as the issuance of additional debt for the newly constructed Children Services administrative building, and the new facility for Stillwater Center. The General Fund will be reimbursed completely by the Children Services Board for the debt associated with its building. The debt associated with the Stillwater Center will be partially funded through Medicaid reimbursement.

The projection, shown in Figure 28, does not include the financing costs associated with the new Juvenile Detention facility that is currently under development. The plan assumes that the Detention Center will be funded through some state and federal funding, and savings in the annual budget.

![General Fund Expense Projections](image)

**General Fund Expense Projections**

- **Debt Service:**
  - Debt service includes our current obligation for the $25.0 million bond issue; the issuance of new debt for the Children Services Board and the Stillwater Center.
  - 3% of the General Fund budget.

- **Projection Issues:**
  - This projection assumes that the county, through year end transfers, will fund a large portion of the construction of a new Juvenile Detention Facility in the amount of $20-$25 million.

**Debt Service Costs**

(in millions)

Figure 28
Summary

This financial plan reflects the commitment of the Board of County Commissioners to no new taxes over the ten-year period. As a result of this commitment, it is vital that expenses be prudently controlled. It should further be understood that the flexibility of the General Fund will be more limited than in prior periods. The significant impact of the economy on the county’s revenues and expenses cannot be understated. In the past, economic downturns have resulted in substantial revenue losses, and serious challenges to the county budget. The effectiveness of this plan should be monitored annually and adjustments should be made based upon the actual results of revenue collections. In addition, continuous quality improvement techniques, and the corresponding impact on projected expenditures, should be explored.
Conclusion

Measurable Outcomes

Building on its innovative programs and current successes, Montgomery County continues to create and pursue opportunities for the future. In doing so, committee members recognize that several areas should be monitored by the General Fund Financial Planning Committee over the next ten years.

Topics To Be Monitored By The Task Force: Next Ten Years

- Impact of long-term capital projects on the county and the region.
- Impact of affordable housing projects on the quality and quantity of housing in Montgomery County.
- Impact of the continuation of the ED/GE funded projects in the county and the region:
- Impact of projects funded by the Arts and Culture Fund on the quality of life in the region.
- Impact of a coordinated workforce delivery system on the quality and quantity of a trained workforce in the region. Its ability to position the region favorably for future economic development expansions and attractions.
- Monitor the effectiveness of a coordinated regional economic development program.
- Document and evaluate the effectiveness of coordinated criminal justice, human services, and education programs.
- Monitor the progress and effectiveness of a single consolidated jail and intake system within the county.
- Evaluate the progress toward a more regional water system with regional rates.
- Evaluate the progress in utilizing existing brownfield sites for economic development projects.
- Monitor progress of efforts to support the systemic reform in public education necessary to assure an adequately prepared workforce.
Looking To the Future

Task force members should develop a process that allows ongoing dialogue with key stakeholders so that they can develop mutually agreed upon indicators of the progress and successes in the areas listed above.

As part of that monitoring process, Montgomery County will develop benchmarks to determine future success. Benchmarking defines goals and objectives, as does traditional monitoring, but continues on to define "how much" and "by when". Measurability offers Montgomery County a variety of benefits:

- It allows the community to think about the future in concrete terms
- It enables the community, including key institutions, to sustain the long-term support and energy that many goals require
- It offers an element of accountability for results
- It provides policy makers a basis from which to allocate scarce resources

The process of developing and monitoring the county ten-year financial plan, in concert with the community, is as important as the plan itself. It connects the private and the public sectors. It recognizes that a dynamic community is one in which the private and public sectors do not operate in isolation from one another, but rather work cooperatively to improve the quality of life in a meaningful way.
## Montgomery County, Ohio
### General Fund Financial Planning Process
#### 2000-2009 Financial Projection

<table>
<thead>
<tr>
<th>Description</th>
<th>1999 Proposed</th>
<th>2000</th>
<th>2001</th>
<th>00-01 % Chg.</th>
<th>2002</th>
<th>01-02 % Chg.</th>
<th>2003</th>
<th>02-03 % Chg.</th>
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<td>41,660,561</td>
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<td>33,648,305</td>
<td>33,779,073</td>
<td>33,947,196</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td>Sales Tax</td>
<td>60,433,400</td>
<td>62,246,402</td>
<td>64,113,794</td>
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<td>66,037,208</td>
<td>3.0%</td>
<td>68,018,325</td>
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<td>1,346,772</td>
<td>2.6%</td>
<td>1,382,119</td>
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<td>Local Government Funds</td>
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<td>15,533,224</td>
<td>3.0%</td>
<td>15,999,220</td>
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<td>22,430,607</td>
<td>4.0%</td>
<td>23,323,255</td>
<td>4.0%</td>
<td>24,251,593</td>
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<td>Charges for Services</td>
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<td>14,028,288</td>
<td>14,371,953</td>
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<td>14,722,518</td>
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<td>Licenses &amp; Permits</td>
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<td>66,500</td>
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<td>Fines &amp; Forfeitures</td>
<td>1,268,600</td>
<td>1,330,651</td>
<td>1,357,264</td>
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<td>1,394,410</td>
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<td>Miscellaneous Revenues</td>
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<td><strong>Total Revenues</strong></td>
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<td>137,592,215</td>
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<td>150,254,329</td>
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<td>Salary and Wages</td>
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<td>60,596,145</td>
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<td>18,161,837</td>
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<td>6,638,417</td>
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<td>1,020,000</td>
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<td>2.0%</td>
<td>1,061,208</td>
<td>2.0%</td>
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<tr>
<td>Operating Transfers</td>
<td>7,490,906</td>
<td>9,037,489</td>
<td>8,376,073</td>
<td>-7.3%</td>
<td>8,454,120</td>
<td>0.9%</td>
<td>8,149,877</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>3,160,283</td>
<td>3,744,356</td>
<td>4,411,561</td>
<td>17.8%</td>
<td>4,233,168</td>
<td>4.0%</td>
<td>4,228,541</td>
<td>-0.1%</td>
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<tr>
<td>Capital Outlays</td>
<td>1,457,956</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0.0%</td>
<td>1,000,000</td>
<td>0.0%</td>
<td>1,000,000</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>134,303,061</td>
<td>137,482,194</td>
<td>141,150,536</td>
<td>2.7%</td>
<td>145,198,501</td>
<td>2.5%</td>
<td>150,147,188</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

| Revenues Over/(Under) Expenses           | 127,723      | 110,021   | 130,768   | 168,123       | 107,141   |

| Cash Balance before Proposed (SIF) Transfer | 41,788,284 | 33,648,305 | 33,779,073 | 33,947,196 | 34,054,337 |

| Less Strategic Investment (SIF) Transfer | 8,250,000   |            |           |              |            |

| Projected Ending Cash Balance            | 33,538,284  | 33,648,305 | 33,779,073 | 33,947,196 | 34,054,337 |

Numbers may not add due to rounding.
<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>03-04 % Chg.</th>
<th>2005</th>
<th>04-05 % Chg.</th>
<th>2006</th>
<th>05-06 % Chg.</th>
<th>2007</th>
<th>06-07 % Chg.</th>
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<tbody>
<tr>
<td><strong>Beginning Cash Balance</strong></td>
<td>34,054,337</td>
<td></td>
<td>34,155,025</td>
<td></td>
<td>34,295,992</td>
<td></td>
<td>34,410,010</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>70,058,874</td>
<td>3.0%</td>
<td>72,160,640</td>
<td>3.0%</td>
<td>74,325,460</td>
<td>3.0%</td>
<td>76,555,223</td>
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<td>Property Taxes</td>
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<td>1.0%</td>
<td>14,083,675</td>
<td>1.0%</td>
<td>14,576,243</td>
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<td>14,722,005</td>
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<td>Other Taxes</td>
<td>1,418,947</td>
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<td>1,458,026</td>
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<td>1,498,475</td>
<td>2.8%</td>
<td>1,539,753</td>
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<tr>
<td>Local Government Funds</td>
<td>16,479,197</td>
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<td>16,973,573</td>
<td>3.0%</td>
<td>17,482,780</td>
<td>3.0%</td>
<td>18,007,264</td>
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<tr>
<td>Other Intergovernmental</td>
<td>5,504,226</td>
<td>5.2%</td>
<td>5,509,080</td>
<td>0.1%</td>
<td>5,796,134</td>
<td>5.2%</td>
<td>5,810,895</td>
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<td>Investment Income</td>
<td>25,217,048</td>
<td>4.0%</td>
<td>26,221,104</td>
<td>4.0%</td>
<td>27,265,304</td>
<td>4.0%</td>
<td>28,351,256</td>
<td>4.0%</td>
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<tr>
<td>Charges for Services</td>
<td>15,462,941</td>
<td>2.5%</td>
<td>15,854,839</td>
<td>2.5%</td>
<td>16,257,560</td>
<td>2.5%</td>
<td>16,670,342</td>
<td>2.5%</td>
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<tr>
<td>Licenses &amp; Permits</td>
<td>71,982</td>
<td>2.0%</td>
<td>73,421</td>
<td>2.0%</td>
<td>74,890</td>
<td>2.0%</td>
<td>76,388</td>
<td>2.0%</td>
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<tr>
<td>Fines &amp; Forfeitures</td>
<td>1,440,340</td>
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<td>1,489,146</td>
<td>2.0%</td>
<td>1,498,529</td>
<td>2.0%</td>
<td>1,528,500</td>
<td>2.0%</td>
</tr>
<tr>
<td>Miscellaneous Revenues</td>
<td>1,370,145</td>
<td>1.4%</td>
<td>1,390,881</td>
<td>1.5%</td>
<td>1,412,304</td>
<td>1.5%</td>
<td>1,434,187</td>
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<tr>
<td>Other Financing Sources</td>
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<td>3,642,805</td>
<td>0.0%</td>
<td>3,642,805</td>
<td>0.0%</td>
<td>3,642,805</td>
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<tr>
<td><strong>Total Revenues</strong></td>
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<td>2.5%</td>
<td>158,837,172</td>
<td>2.7%</td>
<td>163,830,485</td>
<td>3.1%</td>
<td>168,338,618</td>
<td>2.8%</td>
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<tr>
<td><strong>Expenditures</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and Wages</td>
<td>65,700,266</td>
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<td>67,344,902</td>
<td>2.5%</td>
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<td>Fringe Benefits</td>
<td>20,018,852</td>
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<td>20,701,847</td>
<td>3.4%</td>
<td>21,463,614</td>
<td>3.7%</td>
<td>22,255,271</td>
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<tr>
<td>Operating Expenses</td>
<td>17,390,889</td>
<td>4.7%</td>
<td>17,771,893</td>
<td>2.2%</td>
<td>18,561,859</td>
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<td>18,999,741</td>
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<tr>
<td>Public Assistance</td>
<td>10,853,583</td>
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<td>11,421,757</td>
<td>5.2%</td>
<td>12,035,851</td>
<td>5.4%</td>
<td>12,700,163</td>
<td>5.5%</td>
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<tr>
<td>Professional Services</td>
<td>6,600,779</td>
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<td>6,732,795</td>
<td>1.0%</td>
<td>6,867,451</td>
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<td>7,004,800</td>
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<td>Operating Subsidies</td>
<td>6,828,077</td>
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<td>7,023,358</td>
<td>2.9%</td>
<td>7,224,359</td>
<td>2.9%</td>
<td>7,431,318</td>
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<tr>
<td>Board &amp; Care of Prisoners</td>
<td>5,402,837</td>
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<td>5,510,995</td>
<td>2.0%</td>
<td>5,621,215</td>
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<td>5,733,640</td>
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<tr>
<td>Arts &amp; Cultural District</td>
<td>2,164,864</td>
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<td>2,208,162</td>
<td>2.0%</td>
<td>2,252,325</td>
<td>2.0%</td>
<td>2,297,371</td>
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<td>5,412,161</td>
<td>2.0%</td>
<td>5,520,404</td>
<td>2.0%</td>
<td>5,630,812</td>
<td>2.0%</td>
<td>5,743,428</td>
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<td></td>
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<tr>
<td>Affordable Housing</td>
<td>1,082,432</td>
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<td>1,104,081</td>
<td>2.0%</td>
<td>1,126,162</td>
<td>2.0%</td>
<td>1,148,686</td>
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<td>Operating Transfers</td>
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<td>8,113,141</td>
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<td>8,317,011</td>
<td>2.5%</td>
<td>8,217,845</td>
<td>-1.2%</td>
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<tr>
<td>Debt Service</td>
<td>4,238,541</td>
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<td>4,242,893</td>
<td>0.1%</td>
<td>4,250,558</td>
<td>0.2%</td>
<td>4,255,821</td>
<td>0.1%</td>
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<tr>
<td>Capital Outlays</td>
<td>1,000,000</td>
<td>0.0%</td>
<td>1,000,000</td>
<td>0.0%</td>
<td>1,000,000</td>
<td>0.0%</td>
<td>1,000,000</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>154,510,051</td>
<td>2.9%</td>
<td>158,696,204</td>
<td>2.7%</td>
<td>163,716,486</td>
<td>3.2%</td>
<td>168,234,289</td>
<td>2.8%</td>
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<td><strong>Revenues Over((Under) Expenses</strong></td>
<td>100,688</td>
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<td>140,957</td>
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<td>114,018</td>
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<td>104,328</td>
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<td><strong>Cash Balance before Proposed (SIF) Transfer</strong></td>
<td>34,155,025</td>
<td></td>
<td>34,295,992</td>
<td></td>
<td>34,410,010</td>
<td></td>
<td>34,514,339</td>
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<tr>
<td><strong>Less Strategic Investment (SIF) Transfer</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Projected Ending Cash Balance</strong></td>
<td>34,155,025</td>
<td></td>
<td>34,295,992</td>
<td></td>
<td>34,410,010</td>
<td></td>
<td>34,514,339</td>
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</tr>
</tbody>
</table>

Numbers may not add due to rounding.
## Montgomery County, Ohio

### General Fund Financial Planning Process

#### 2000-2009 Financial Projection

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>07-08 % Chg.</th>
<th>2009</th>
<th>08-09 % Chg.</th>
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<tr>
<td><strong>Beginning Cash Balance</strong></td>
<td>34,514,339</td>
<td></td>
<td>34,578,704</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>78,851,880</td>
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<td>81,217,437</td>
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<td>1,582,478</td>
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<td>0.4%</td>
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<td>Investment Income</td>
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<td>4.0%</td>
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<tr>
<td>Charges for Services</td>
<td>17,094,518</td>
<td>2.5%</td>
<td>17,530,066</td>
<td>2.6%</td>
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<tr>
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<td>3,642,605</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
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<td>175,183,008</td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and Wages</td>
<td>73,589,592</td>
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<td>75,797,280</td>
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<td>23,078,064</td>
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<td>23,933,298</td>
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<tr>
<td>Operating Expenses</td>
<td>19,873,520</td>
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<td>20,289,255</td>
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<tr>
<td>Public Assistance</td>
<td>13,419,412</td>
<td>5.7%</td>
<td>14,148,781</td>
<td>5.4%</td>
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<tr>
<td>Professional Services</td>
<td>7,144,896</td>
<td>2.0%</td>
<td>7,287,794</td>
<td>2.0%</td>
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<tr>
<td>Operating Subsidies</td>
<td>7,644,388</td>
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<td>7,863,752</td>
<td>2.9%</td>
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<td>Board &amp; Care of Prisoners</td>
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<td>2,343,319</td>
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<tr>
<td>ED/GE Program</td>
<td>5,858,297</td>
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<td>1,171,659</td>
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<td>2.0%</td>
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<tr>
<td>Operating Transfers</td>
<td>8,025,049</td>
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<td>9,008,162</td>
<td>12.3%</td>
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<tr>
<td>Debt Service</td>
<td>4,209,256</td>
<td>-1.1%</td>
<td>4,218,161</td>
<td>0.2%</td>
</tr>
<tr>
<td>Capital Outlays</td>
<td>1,000,000</td>
<td>0.0%</td>
<td>1,000,000</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>173,205,764</td>
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<td>175,072,502</td>
<td>3.4%</td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues Over/(Under) Expenses</td>
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<td></td>
<td>120,507</td>
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<tr>
<td>Cash Balance before Proposed (SIF) Transfer</td>
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<td></td>
<td>34,699,211</td>
<td></td>
</tr>
<tr>
<td>Less Strategic Investment (SIF) Transfer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected Ending Cash Balance</td>
<td>34,578,704</td>
<td></td>
<td>34,699,211</td>
<td></td>
</tr>
</tbody>
</table>

*Numbers may not add due to rounding.*
Montgomery County, Ohio
General Fund Financial Planning Process
2000-2009

Projection Assumptions

**Revenues:**

**Sales Taxes** receipts are inflated 3.0% annually.

**Property Taxes** are increased 1.0% during regular years, 3.5% after triennial reappraisals of property and 8.4% after sexennial reappraisals of property. In 2000, there is a reduction of $316,302 for Personal Property taxes due to the anticipated change due to public utility reform.

**Intergovernmental Revenues** are variable depending upon the year. There is a reduction in 2000 of $1.3 million due to the termination of the City/County charging policy. This is a combination of the City/County Jail Contract and the reimbursement for the municipal share of costs of the Public Defender's Office. Local Government funds have been inflated at 3.0% during the projection period. There is a strong possibility that the county could see a permanent reduction between $3.7-$4.2 million annually in this Ten Year Plan based upon the increase in municipal population within the county. Other fluctuations in this category occur due to the cyclical nature of the receipts for the Board of Elections.

**Investment Income** receipts are projected to increase by 4.0% annually. This assumes an increase in the estimate to $21.6 million in 2000. It is anticipated that the average daily treasury balance will increase 4.0% annually, the average weighted yield will remain at 5.70% and the General Fund share of investment income proceeds will be 84.0%. Any substantial spend down of fund reserves in the county treasury could impact this revenue source.

**Charges for Services** are increased at 2.5% for state mandated fees. Services generated locally are increased by the Consumer Price Index (CPI) inflation calculations ranging from 2.55% to 2.79%. In 1999, indirect cost revenues are reduced due to the implementation of the Public Works Departmental Cost Plan.

**Licenses and Permits** are increased at 2.0% based upon historical growth patterns.

**Fines and Forfeitures** are increased at a modest 2.0% annually.

**Miscellaneous Revenues** have remained stable through the projection period.
Montgomery County, Ohio
General Fund Financial Planning Process
2000-2009

Projection Assumptions

Other Financing Sources such as Human Service Levy transfers have remained stable through the projection period. An increase is reflected here during the projection period for the reimbursement of debt service costs from the Children Services Board (CSB) for the construction of a new CSB Administration Building in the annual amount of $989,245, beginning in 1999. There is also a reimbursement for the Volunteers of America (VOA) Halfway House in the amount of $250,000 (50% of this payment is from VOA and 50% from the City of Dayton). The receipt of this revenue source begins in 2000. Reimbursement for the Stillwater Center debt service is estimated at 50% of the debt service payment or $294,000, beginning in 2000.

Expenses:

Salaries and Wages have been increased by 3.0% during the projection period. There is one 27th payroll period during this planning process. The hourly payroll is built into the projection in 2004. An increase is assumed in 2003 for staffing for the Juvenile Detention Facility.

Fringe Benefit costs have been inflated at 3.0% as well with the exception of health insurance premium line items which reflect an increase cost of 5.0% over the life of the projection. Fringe benefit costs include: health insurance; life insurance; workers' compensation; unemployment compensation; retirement benefits (Public Employees Retirement System); Medicare and tuition reimbursement. An increase is assumed in 2003 for fringe benefits for the Juvenile Detention Facility.

Operating Expenses and Professional Services are budgeted at 2.0% annually throughout the planning period. An operating line item for cyclical election expenses for the Board of Elections causes the fluctuation in the percentage change from year to year. Operating expenses include advertising; communications; contingencies; maintenance and repairs; operating supplies; printing costs; rentals; travel; special fringe benefits and utilities.

Public Assistance costs are inflated at the 3.0% rate due to reimbursement of costs which contain salary and fringe benefit related expenses. This projection assumes that mandated share is budgeted in accordance with the state certified amount with an annual inflation increase of 10%, which is the state hold harmless percentage. The General Fund Job Center obligation is $1.0 million annually.
Montgomery County, Ohio
General Fund Financial Planning Process
2000-2009

Projection Assumptions

Operating Subsidies are inflated at the 3.0% rate due to reimbursement of costs which contain salary and fringe benefit related expenses. Subsidies to other county funds include: Animal Control; Child Support Enforcement; Cooperative Extension Service; Health District Local Government Funds; Regional Crime Lab and the Soil & Water Conservation District.

Board and Care of Prisoner costs reflect an increase in 2000 by $2.0 million. This is the anticipated cost of housing additional prisoners with the termination of the City of Dayton Charging Policy.

Community Programs reflect $5.0 million annually for the ED/GE Program. The contribution to the Arts and Cultural District is budgeted at $2.0 million annually and the Affordable Housing program is $1.0 million. These programs include inflation that is based on the annual General Fund operating inflation parameters from 2001-2009. For this projection, the operating inflation assumption is 2.0%. This assumption does not include funding for the Human Services Capital program.

Operating Transfers to other county funds include: the County Recorder Equipment Fund transfer; annual capital improvement program; automation transfer; investment income transfers; telecommunications tax transfer and the building depreciation transfer. Some minor fluctuations have occurred in this category based upon timing of obligations.

Debt Service costs reflect the addition of debt to fund the Children Services' Board Administration Building (revenue reimbursed) in 1999; and the Stillwater Center Facility Construction (partially revenue reimbursed) in 2000.

Capital Outlays have remained stable throughout the projection period. This cost is for the annual replacement of vehicles, operating equipment and data processing equipment.

THIS ANALYSIS ASSUMES THAT THE COUNTY WILL PROCESS YEAR END CASH TRANSFERS TO FUND A LARGE PORTION OF THE CONSTRUCTION OF THE NEW JUVENILE DETENTION FACILITY.
Report on the Results of the Retreat for the Montgomery County General Fund Financial Planning Committee
Report on the Results of the Retreat for the Montgomery County General Fund Financial Planning Committee

June 1998 ~ 98-C08

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Center for Urban Policy and the Environment – School of Public and Environmental Affairs
342 North Senate Avenue – Indianapolis, IN 46204-1708.
Introduction

The Montgomery County General Fund Financial Planning Committee (GFFPC) consists of 25 public, private, and civic sector leaders throughout the county and is responsible for prioritizing issues, exploring alternatives and solutions, and providing recommendations that will guide development of the county’s 10-year financial plan. Montgomery County has contracted with the Indiana University Center for Urban Policy and the Environment (Center) to facilitate this process. As part of this process the GFFPC convened in March 1998 to identify and address the most pressing issues that the county will face between the years 2000 and 2009. The next step in the process involved a retreat for the GFFPC and county staff. The purpose of the retreat was to develop a mission statement and goals and to plan future steps. This retreat was held on May 27, 1998.

Participants

Figure 1 lists the members of the Montgomery County GFFPC and Montgomery County staff members present at the retreat.

<table>
<thead>
<tr>
<th>Committee Members</th>
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<tbody>
<tr>
<td>David Holmes</td>
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<tr>
<td>Daniel W. Duval</td>
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<tr>
<td>Michael Johnson</td>
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<tr>
<td>Lou Mason</td>
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<tr>
<td>Mike McCurdy</td>
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<td>Maureen Pero</td>
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<td>Ed White</td>
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<td>John Moore</td>
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<td>Bonnie Langdon</td>
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<td>William Leakeas</td>
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<td>Tim Nolan</td>
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<tr>
<td>Donald Vermillion</td>
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<tr>
<td>Georgene Dawson</td>
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<td>Jerry Kirby</td>
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<tr>
<td>Steve Mason</td>
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<tr>
<td>Joe Livin</td>
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<tr>
<td>Gary Haines</td>
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<tr>
<td>Robert Neff</td>
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<td>David Ponitz</td>
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<td>Fred Smith</td>
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<tr>
<th>Staff Members</th>
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<tbody>
<tr>
<td>Tom Black</td>
</tr>
<tr>
<td>Lynn Kramer</td>
</tr>
<tr>
<td>Steve Rice</td>
</tr>
<tr>
<td>Deborah Feldman</td>
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<tr>
<td>Ron Parker</td>
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</tbody>
</table>

Activities and Results

As the retreat agenda (Figure 2) illustrates, the day consisted of a series of activities designed to guide the Committee in its work.
<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>Noon – 12:30 p.m.</td>
<td>Lunch</td>
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<tr>
<td>12:30 – 1:00 p.m.</td>
<td>Review of Interview Results</td>
</tr>
<tr>
<td>1:00 – 1:45 p.m.</td>
<td>Review of Best Practices Presentation Draft</td>
</tr>
<tr>
<td>1:45 – 2:15 p.m.</td>
<td>Development of a Task Force Mission Statement</td>
</tr>
<tr>
<td>2:15 – 3:15 p.m.</td>
<td>Themes and Concept Development</td>
</tr>
<tr>
<td>3:15 – 3:30 p.m.</td>
<td>Break</td>
</tr>
<tr>
<td>3:30 – 4:30 p.m.</td>
<td>Goals — Break out into three small groups</td>
</tr>
<tr>
<td>4:30 – 5:15 p.m.</td>
<td>Small Group Reporting and Discussion (Large Group)</td>
</tr>
<tr>
<td>5:15 – 6:15 p.m.</td>
<td>Action Steps for the Task Force and Assignments</td>
</tr>
<tr>
<td>6:30 p.m.</td>
<td>Dinner</td>
</tr>
</tbody>
</table>

**Pre-retreat Interviews**

Prior to the retreat, the Center contacted participants in person or by phone and asked them to respond to questions regarding the future of the county. A list of the questions and a summary of responses, distributed at the retreat, can be found in Attachment A.
Review of Results
John L. Krauss, Senior Fellow at the Center, reviewed the results of the interviews with the group in order to build an understanding about the varied perspectives represented. He reviewed each of the items, encouraging reflection and reaction.

Best Management Practices
At the Committee’s March meeting the group identified literally hundreds of issues relevant to the ten-year budgetary plan but after discussion a handful of overarching areas of concern emerged. A copy of the responses is included as Attachment B. From here, Center staff, in conjunction with GFFPC members, selected four general areas on which to focus preliminary research efforts:

- economic development,
- corrections,
- land use planning, and
- service consolidation.

Center researchers began research in three of these four areas in best management practices (BMPs). BMPs in service consolidation or another area may be compiled and presented upon request from GFFPC members.

Joseph Rubleske, Research Coordinator at the Center, presented an draft overview of best practices (Attachment C) in the areas of economic development, corrections, and land-use planning.

Development of a Task Force Mission Statement
To ensure that all members of the Committee agreed on the mission of the committee, the county asked the Center to draft a mission statement for discussion at the retreat. Figure 3 is the draft mission statement presented.

Figure 3

MISSION STATEMENT FOR THE TEN-YEAR
FISCAL PLAN TASK FORCE
DRAFT

Our mission is to develop a plan that assures the fiscal health of Montgomery County over the next ten years. Key elements of the plan are strong county leadership, partnerships with the private sector, fiscal integrity, and vision.

Members of the committee had the following comments:

- Partnership with other governmental units
- Go beyond fiscal to quality of life and economic vitality
- Grow fiscal health, not assure it
- Being part of a region
- Include people
- Economic well-being
- Leader of region
Incorporating those comments, Center staff has drafted another mission statement. The draft of this statement is Figure 4.

**Figure 4**

MISSION STATEMENT FOR THE TEN-YEAR
FISCAL PLAN TASK FORCE
REVISED DRAFT

Our mission is to develop a plan that assures the economic vitality and quality of life of Montgomery County over the next ten years. Key elements of the plan are:

- Strong regional leadership;
- Partnerships with the private sector, other governmental units and citizens; and
- Vision.

**Themes for Discussion**

The group discussed overall themes for each major area (Human Services and Criminal Justice, Economic Development and Amenities, and Regionalization and Land Use) in plenary. Mr. Krauss solicited themes for each of the six major topic areas. These themes (Attachment D) were recorded and used as the basis for the subsequent session.

**Goal Setting**

After the initial presentations and discussion, participants were divided into three groups according to three broad categories: Criminal Justice and Human Services, Economic Development and Amenities, and Regionalization and Land Use Planning. Each group discussed goals for their area, incorporating the broad themes from the previous session. These goals were reported back to the group in plenary. Attachment E is a list of each group's goals.

**Action Steps**

Mr. Krauss then asked the group to identify "What needs to happen before the next meeting (June 29th) in each of the areas." After some discussion, the next meeting was scheduled for July 27th to allow the subcommittees more time to meet and gather information. Figure 5 lists the action steps decided on by each group.
Figure 5

Criminal Justice and Human Services
1. Meet once before next Committee meeting
2. County staff provide available information
3. Start timetable conversation for criminal justice and human service integration
4. Develop road map

Regionalization and Land Use
1. County staff give status report of last 10 years—information available baseline
2. Meet once before next Committee meeting
3. Assessment of political reality
4. Best Practices

Economic Development and Amenities
1. Meet once before next committee meeting and react to suggestions
2. Include Economic Development coalition in discussion and understand their mission
3. Receive ideas re: these items—outside Best Practices
4. Begin discussion with Economic Summit representatives on overall economic development coordination.
Attachment A
Interview Results
Interview Results

What is going well in county government now?
- Solvent; good fiscal health/mgmt (9)
- Cooperation/cohesion among Commissioners (4)
- Mutual cooperation between county, Dayton, and other cities (4)
- Human services programming (3)
- County government has credibility in the business community (2)
- Surplus (2)
- ED/GE money (2)
- Consensus/communication among the elected officials (2)
- Elected and appointed officials more responsive and caring (2)
- Personnel is well equipped; talented (2)
- County management is working well (2)
- County and state relations
- Citizens perceive that things are happening
- Solid waste program
- Managers get along
- Issue II Bonds issued by the state are doing good things
- Jobs Center
- Public safety under the Sheriff
- Support economic development
- Support system
- Moving ahead
- Consistent
- Commissioners help and direct the administration
- Commissioners have kept focus
- All the county officials are working well—Can’t say the same for Dayton
- Don’t open up the newspaper and see a lot of negative about the county
- Efficient gov’t— we get a good bang for our buck
- Stars are lined up right in terms of people
- County and now the city are getting their act together
- No scandal and no waste
- Leadership in programs such as the Jobs Center
- Desire not to grow government but to grow business
- Fostering changes in getting more people working

What opportunities do you see for the county in the future?
- Leadership in cooperation among jurisdictions; combat turfism (8)
- Regional consolidation of services—police/fire, water/sewer, trash, economic development (4)
- Consider doing what is “right” (2)
- Bigger player in criminal justice; cut cost of criminal justice and the courts (2)
- County should lead the region (2)
- Financial resources to back up leadership (2)
- Focus on the children
- Increase safety
- Privatize basic services
- Rebirth of the core of the community
- Continue to be business friendly
- Draw business community into issues in advance
Initiate planning for the future
Best practices in other cities
County involved in economic development
Cooperate with the schools on juvenile justice
Continue to attract business to our core technology competency
Bring together forces that produce jobs
Help economic development in Jackson Twp; Not enough tax base to support schools
Build leadership role with a new city commission and mayor
Build on the strong county commission
Do something about the doughnut view of the city
County is going to end up the only one in the jail business
Can't afford too many independent jurisdictions

What barriers do you see that would not allow the county to take advantage of those opportunities?

- Politics (3)
- Bury the ax between the city and county (3)
- Too much decentralization (3)
- Dayton—How can we help it help itself?(2)
- Turf
- Power
- Racial issues
- Closed-minded elected officials
- Uneven distribution of wealth
- History; inertia
- Uneven ability to manage
- Conflicting priorities
- Big brother perception
- Money
- Defensive incorporation
- Knowledge
- Leadership
- School systems
- State laws
- Too many things are perceived to go south rather than north
- Work force
- Brain drain
- Don't want to take the risk of not locking people up
- Cultural issues
- How creative can we be?
- Too much need for hand holding
- Don't defy my destiny
- It takes two sides to talk
- Get to kids earlier—pre-school
- Courts, juvenile justice system and the schools need to be focused on the family
- The white ghetto south of Dayton
- There is less harmony
What issues need to be considered as part of the county's ten-year financial plan?

- Economic development and tax sharing (5)
- Amenities (2)
- Health and human services (2)
- Accountability; measurable goals (2)
- Plan; make funding decisions based on needs and objectives (2)
- Public and press relations: make people AWARE of efforts (2)
- Expand ED/GE program (2)
- Rebuild the central city (2)
- Job growth; job development (2)
- Increase services without a tax increase
- Regional project: riverfront, performing arts center, water system
- Solid waste
- Criminal justice reforms
- Revenues—are we charging enough to cover costs?
- Population loss
- Affordable housing
- Education
- Distribution of $ among jurisdictions
- Surplus—does it need to be so large?
- Fund cultural grants the same way United Way does
- What is the commissioner's agenda—we need to be free of staff's agenda
- Role of WPAFB?
- Transition in manufacturing
- Debt service costs
- Cost of law enforcement
- Getting a greater share of sales tax revenue
- Y2K compliance
- Broader than what we need now
- County as regional leader
- Move beyond the routine
- Don't increase taxes

Do you have any suggestions for untraditional ways that the county can address those issues?

- Blue sky/out-of-the-box thinking (3)
- More things like the arts district (2)
- Privatization (2)
- Leverage the private sector
- Focus our economy's needs on a national, rather than local scale
- Technology center
- Improve riverfront
- Assess the strengths in the community
- Consolidate services
- Use county tax base to support economic development
- We have done it with ED/GE
- One-stop shopping like the jobs center
- Elect a change agent—elected not to be reelected
- Work with the new city commission
- Make the airport the focus of a regional economic development plan
- Alternatives to public housing
- Create affordable housing
- Baseball
- Something to rally around—maybe the waterfront
- Best practices: look at other communities
- Use public/private partnerships to get things done
- Bring in more partners
- Stronger relationship with the suburbs

Barring miracles, but with good management and good luck, where would you like to see the county in 2008, as a result of the new ten-year plan?

- Planned growth & development strategy; no suburban sprawl (3)
- Merged government (3)
- Major player in economic development (2)
- Large surplus (2)
- Stable financial condition (2)
- Good quality of life; more people want to live and work here (2)
- Clear vision (2)
- Market rate housing returning to the central city
- Arts flourishing
- Using the universities to create centers of excellence
- High level of trust between elected officials, citizens, and business
- Unification of basic services
- High tech community
- Diversified economy
- Figuring out what to do in the NW connection
- Dayton on a firm financial footing
- Development of the I70-I75 project
- Revitalized city center
- More integrated community
- County and city use water and sewer to be jointly competitive
- No competition between city and county
- Cooperation, not duplication, between the city police and the sheriff
- Cooperation with new leaders as they become part of the community
- Planning beyond personality
- Not letting business go outside
- Regional leader
- Vibrant
- Solving our identity crisis

If you could do one thing, what would it be?

- Regional government (5)
- Regional services and planning (4)
- Increased level of intergovernmental cooperation (2)
- Upgraded primary, secondary education systems (2)
- Leadership (2)
- Change the image that residents have of their community
- Fewer $ to law enforcement
- More $ to social services, environment, and public works
- Family values for youth
- Have everyone included in the community, especially the African-American community
- Single county budget
• A health city again
• Vision
• Less fragmentation between governments

Interview Results additions from Retreat:
• Shape vs. administer
• Take charge
• What needs to be done first?
• Brownfields
Attachment B
On March 23, 1998, the Montgomery County General Fund Financial Planning Committee held a meeting to discuss the county’s ten-year plan. John Krauss of the Indiana University of the Indiana University Center for Urban Policy and the Environment served as facilitator. Mr. Krauss asked the question: “What are topics that should be considered over the next ten-years by Montgomery County citizens?” The responses were written, one each, on 8 ½ by 11” pieces of paper and taped on the wall around the room. The following list of those responses, grouped by category:

**County**

- Affordable housing and social service facilities—better planning + disbursement around entire county
- 2003 celebration
- 2003—World wide focus on area
- Seek more systems integration to provide better service at less cost. Total county—All components
- Elected officials budget
- County-City sharing
- Improve collaborative relationships of city, village, township officials
- County/city collaboration needs to be a major focus in current economic development of city
- What we want to look like in 2010—city and county
- What are we doing now that someone else can do better and cheaper?
- Is a single countywide government feasible for us?
- Duplication of services in the system
- Eliminate duplication of basic services e.g.: water, sewer
- Greater tax sharing by jurisdictions
- Dayton/county relationship
- Look at Indy type Unigov
- **County Leadership**—Proactive
- Leadership role need for regional development initiatives
- Regional cooperation
- RTA sales tax
- Control unfunded mandates
- “Bickering with city over water and criminal justice”—who should play what role?
- County/city of Dayton cooperation
- Overall plan for community progress—prioritization of major capital initiatives
- Regional cooperation
- Partnership city and county
- City/county co-operation
- Urban Sprawl—regional growth management policies needed
- Can ED/GE become regional? Warren/Greene/Montgomery/Miami Counties
- More $ to edge but also increase tax sharing component
- County participation in township economic development
- More county-wide land-use planning
- Coordinated multiple level lobbying effort
Economic Growth
- Support for WPAFB
- Improvement of tax base by 2010
- Business friendly climate in county
- Building permits and business services combine with city and other municipalities?
- Big and small business
- Small business help
- Labor/Mgt.—Issues (private sector)
- County help better organize employment and training dollars coming into the community
- More coordination of economic development and education efforts
- Economic growth
- Regional economic cooperation
- Economic development EDGE
- Continued job center development
- Transfer WPAFB Technology to local
- Technology plan for property to service areas
- Keep momentum in northern part during I-75/I-70 reconstruction
- How to treat agricultural identity

Environment
- Brownfield development
- Clean-up of Brown environment sites

Criminal Justice
- Address Criminal Justice issues in efficient and effective manner
- Attack root cause of crime
- Find alternative sentencing or other prevention methods to reduce 75 percent of budget for justice issues
- Find ways to reduce increasing % of dollars going to criminal justice
- Can the approach used for job center (public/private) work for the incarceration system
- Sheriff run all pre- and post-sentence jail beds
- Does the current "bed purchasing" for offenders need to be expanded vs. building?

Downtown Development
- Promote/region with Dayton as center
- Loss of people to other counties
- Downtown Revitalization—Leadership/funding role of county
- Increase Retail—Fight Fairfield
- Revitalize "shopping"—downtown Dayton? Salem Mall?
- Reuse of existing retail centers
- Downtown redevelopment
- Downtown Dayton Revitalization
- Downtown development
- Second and Main project
- City of Dayton development
- River front plan
- Population stabilization (reverse population loss trend)
Arts and Culture
- Improved community amenities (i.e. Riverfront)
- Support for arts
- Performing arts center opportunity
- Continue to use county $$$ to help arts community—community finally proceed with Arts Center
- Increase arts funding
- Arts center development

Education
- County support creative alternatives in primary and secondary education
- Education student performance
- Lack of skilled labor force
- School support
- Education
- Education opportunities for out of school youth (judges need alternatives to incarceration)
- Skills training—jobs
Attachment C
Selected Best Practices in Economic Development corrections, and Land Use Planning - Draft
Selected Best Management Practices in Economic Development, Corrections, and Land Use Planning *DRAFT*

May 1998

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| Technology Transfer and Development | 6 |
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Draft in Progress — Not for Attribution or Distribution
Background

As part of a process to update the county's general fund financial plan, the Montgomery County General Fund Financial Planning Committee (GFFPC) convened in March 1998 to identify and address the most pressing issues that the county will face between the years 2000 and 2009. The GFFPC, which consists of 25 public, private, and civic sector leaders throughout the county, is responsible for generating a consensus on problems, prioritizing issues, exploring alternatives and solutions, and providing recommendations that will guide development of the 10-year financial plan. Although the GFFPC identified literally hundreds of issues relevant to the 10-year budgetary plan, a handful of overarching areas of concern emerged. From here, Center for Urban Policy and the Environment (Center) staff, in conjunction with GFFPC members, selected four general areas on which to focus research efforts: economic development, corrections, land use planning, and service consolidation. Center researchers then compiled best management practices (BMPs) in three of these four areas. BMPs in service consolidation or another area may be compiled and presented upon request from GFFPC members.

In most cases, BMPs are innovative and effective programs undertaken by communities to address a problem that is common to many jurisdictions. In some cases, however, BMPs represent potential solutions devised by persons or groups who have thoroughly examined or investigated a common problem but have not implemented these solutions. This report summarizes BMPs in economic development, corrections, and land use planning. Information on how to contact BMP practitioners is provided where possible.

Economic Development in Montgomery County, Ohio: The Retention of Skilled Labor, Technology Transfer, and Riverfront Development Financing

Like other counties throughout the United States, Montgomery County, Ohio, is committed to fostering an economy that is amenable to businesses and commerce. Unlike other well-intending counties, however, Montgomery County has pursued this commitment through an innovative and effective program that involves 28 of the county’s 29 jurisdictions. The Economic Development/Government Equity (ED/GE) program, which has generated attention from a multitude of economic development professionals and is being imitated in several regions, finances economic development projects throughout the county (19 projects costing $5.3 million in 1997) using sales tax revenues and a redistributive system in which local income and property tax revenue increases are shared with fellow participants. Montgomery County government also manages the Community Development Block Grant (CDBG) and HOME Investment Partnerships programs, levies a 3 percent lodgings tax to finance the Dayton/Montgomery County Convention and Visitors Bureau, and contributes $1 million each year to the Affordable Housing Fund (AHF), which develops housing for low- and moderate-income households. Additionally, COUNTY CORP, a non-profit development corporation serving Montgomery County, administers affordable housing and economic development programs using local, state, and federal funding sources. Montgomery County also is home to the Dayton-based companies NCR, Mead, Reynolds & Reynolds, and Dayco Products.

Despite its innovative economic development programs and current successes, Montgomery County continues to create and pursue opportunities for economic growth. In doing so, its public officials and industry leaders recognize that certain limitations and weaknesses must be addressed or prevented. Along
these lines, the GFFPC met in March to discuss, among other things, their concerns about the economic future of the county. More specifically, multiple GFFPC members cited a need to:

- Attract and retain skilled workers to meet the demands of an economy that increasingly is built around advanced technologies and the application of new information;
- Transfer Wright-Patterson Air Force Base (WPAFB) and other military technologies to private sector use within the county; and
- Further promote and revitalize downtown Dayton, which serves as the County seat and the region’s economic and cultural ‘core.’

This document aims to help Montgomery County address these issues by identifying and describing:

1. Skilled labor attraction, retention, and development strategies used by the states of Michigan and Ohio (yet applicable to local governments), the city of Wendell, North Carolina, and employers throughout the U.S.;
2. Programs and opportunities for the commercialization of advanced military technologies; and
3. Grant programs and funding sources to which Montgomery County could apply to match its share of riverfront development costs in the city of Dayton.

The remainder of this section is organized into three subsections corresponding to these areas.

**Skilled Labor Attraction, Retention, and Development Strategies**

As a key indication of the state of the nation’s economy, the national unemployment rate can be used to herald an imminent recession or verify a period of sustained prosperity. During a recessionary 1992, the unemployment rate (at a seasonally-adjusted peak of 9.6 percent) was as high as it had been in more than a decade. Alternatively, the sustained economic growth and prosperity that characterizes the current economy are based in part on a national unemployment rate of 4.9 percent (as of April 1998), the lowest rate since 1973.

While both skilled and unskilled laborers reap the benefits of low unemployment rates—which create a labor market where demand outstrips supply—employers increasingly are unable to attract and retain enough workers, particularly those who are skilled, to meet the needs of existing clients or to fuel organizational expansion. As skilled workers emigrate and larger employers struggle with capacity, labor shortages become jurisdictional problems. Cities, counties, regions, and states begin to compete with one another for a skilled labor force that can rejuvenate an economy while establishing a culture that attracts additional employers and skilled workers.

Montgomery County, therefore, is not alone in its need to attract, retain, and develop skilled workers. In fact, it must compete with other counties throughout southeastern Ohio, with larger regions such as Cincinnati, Columbus, and Indianapolis, and with counties and regions in nearby states and throughout the country. However, lessons learned by other communities that have successfully dealt with labor shortages can be applied to Montgomery County. In drawing from reports that summarize these lessons, the Center for Urban Policy and the Environment (Center) has developed three general suggestions which are provided here and detailed below:

- Conduct marketing campaigns
- Utilize or develop advanced skills training programs
- Advise employers on how to attract, retain, and develop skilled workers
Conduct Marketing Campaigns

By 1995, the state of Michigan had fully recovered from a prolonged industrial decline and from the national recession that spanned from the late 1980s through the early 1990s. Its unemployment rate was 4.6 percent (versus a national rate of 5.4 percent) and its economy increasingly was based on the use or production of advanced technologies. Governor John Engler realized that Michigan’s labor force was not sufficiently equipped—in terms of size or skills—to meet the demands of Michigan employers.

Under the guidance of Engler, the state of Michigan launched an aggressive marketing campaign aimed at identifying skilled workers and persuading them to return or relocate to Michigan. By May 1996 (the month in which the article was published), Michigan had begun to reverse the emigratory trend: the state’s employment agency received applications from 150,000 workers in one month in early 1996. Although its tactics were deployed on a statewide level, Michigan pioneered an approach that can be used at the local level. More specifically, Montgomery County could consider using the following Michigan-based techniques:

1. Send letters and other correspondence (e.g., e-mail, telephone) to graduates of universities and colleges located within the county (e.g., University of Dayton, Wright State University, Sinclair Community College) who have moved out of the area. Montgomery County will need to request the assistance of these universities in order to obtain access to pertinent databases. Letters or correspondence should succinctly and persuasively describe employment opportunities, economic incentives, and quality-of-life advantages within the County.

2. Contact large firms throughout the state, the U.S., or the world that are downsizing or terminating skilled workers. Ask these firms to inform terminated workers of specific opportunities available in Montgomery County and to connect these workers to an employment agency or a particular company.

3. Post advertisements in competing communities’ newspapers encouraging workers to move to or work in Montgomery County. Michigan placed large ads in several northern Indiana newspapers and believes that this tactic drew thousands of working Hoosiers into Michigan.

4. Use the county’s World Wide Web (Web) site to promote employment opportunities within Montgomery County. County staff could work with area companies to develop an ongoing inventory of job openings and then post these openings on the Web site. The Web site could include company contact information (e.g., e-mail addresses, telephone numbers, hyperlinks to Web sites) that would allow job seekers to contact potential employers directly. The site should be designed so that job seekers using standard employment search keywords will be notified of the site’s existence.

Utilize or Develop Advanced Skills Training Programs

A review of Montgomery County’s Web site reveals that the county has operated a Department of Human Services Job Center since June 1997. A brief description of the Job Center markets it as a “bold welfare reform initiative” and as “the one place where employers can access a pool of qualified, job-ready workers, and customers can find jobs, be matched and placed into subsidized employment, or be placed in a work experience position that can lead to paid employment.” This description suggests that the Job Center serves primarily to move unemployed and underemployed persons into lower-level, generally unskilled positions. An additional program may be needed to provide these persons and other unskilled workers with the types of advanced skills that are useful to technology-based employers throughout the region.
The Ohio Department of Education’s Division of Vocational and Adult Education administers a workforce development program named Ohio Work Keys (OWK) that can fill the gap in advanced skills training. Adapted from a national system created by ACT Inc., OWK was developed “to strengthen the economic development environment” in Ohio, and is credited with assisting the state “in leading the nation for three consecutive years in attracting new facilities, expansions, and manufacturing.”

OWK is administered through 39 full-service centers. Most of Montgomery County currently is served by the Miami Valley Technology Center (MVTC) in Clayton. Most of Darke and Preble counties also are served by the MVTC. Like other OWK full-service centers, the MVTC uses the OWK system to help businesses develop the skills of their employees. The MVTC has worked with Allied Information, Appleton Paper, Corning, Emery Air, and numerous other companies throughout the region. The OWK system involves the following steps:

- **Job profiling** to determine the skill requirements of particular jobs
- **Skill assessment** to identify individuals’ existing skills
- **Customized training** in which individuals or groups are trained either at the MVTC or at places of business

OWK charges clients for its services (e.g., approximately $1,500 to $2,500 per job profile) and typically serves private sector establishments. However, Montgomery County government could facilitate advanced skills training while minimizing expenditures by paying the MVTC to train workers and requiring repayment from trainees when they secure skills-based employment within the County. More specifically, Montgomery County government could undertake the following actions:

1. Conduct a regional assessment of employers’ needs for workers with advanced skills. Work closely with companies to develop an inventory of specific types of positions.
2. Contact the MVTC to discuss program feasibility and to link employers with MVTC staff (contact Gordon Reeder at 937-854-6360).
3. Promote the OWK program and MVTC services to Job Center clients and to workers throughout the county who desire advanced training (e.g., place notices at the Job Center; post advertisements in local newspapers).
4. Identify individuals who are likely to succeed in the program *and* who agree to repay the County for up-front costs it incurs. Repayment can be made when a trainee fulfills training obligations and secures skills-based employment within the county.

If the program described here is considered infeasible by county staff, then Montgomery County government could still serve to promote the OWK system to local and regional employers.

If the program described here is considered feasible, Montgomery County government may have to assume needs-assessment study costs, minimal administrative costs, and foregone interest revenues (unless it charges an interest rate to program participants). These costs may be mitigated by requesting funds from local employers to conduct a needs-assessment study, administering the program through the Job Center, or requesting federal or state funding. If too few workers participate in the program, the county may need to subsidize them (i.e., reduce the amount that participants need to repay) until the program is sufficiently successful and well-publicized to attract an ample number of participants.

The ultimate success of such a program will depend on the ability of persons trained by OWK to meet employer needs and on the extent to which companies throughout Montgomery County can employ these workers at a wage that provides an incentive to participate in the program. *An MVTC representative believes that success using the OWK system typically requires an investment of time, money, or other resources by employers.*
Advise Employers on How to Attract, Retain, and Develop Skilled Workers

Even the most effective local government marketing campaigns and training programs are limited in the extent to which they can retain and attract a skilled labor force. At some point, individuals make locational decisions that cannot be influenced by governmental programs. Over time, however, local governments can work with the private and non-profit sectors in their communities to develop a culture that is amenable to commerce (and, consequently, to skilled workers) and is based on quality-of-life amenities that attract people from throughout the country. While the importance of this culture cannot be overstated, well-intending communities must recognize that not every region can be a Silicon Valley or a Research Triangle Park. Regions must draw from their strengths to identify and exploit niches.

Collectively, employers may have the best opportunities to shape this culture and to influence workers' locational decisions. During periods of low unemployment, skilled workers can shop around for the best deals. Sometimes skilled workers who change jobs will stay in the region and sometimes they will not. Employers need to match or exceed competing deals and engage in proactive efforts that provide an edge against competition. Standard incentives and proactive efforts in competitive industries today include:

- Employee-referral compensation programs;
- Stock options;
- Signing bonuses;
- Telecommuting and flexible hours;
- College recruiting fairs;
- College internship programs;
- Use of Internet to search for job seekers; and
- Targeting alternative workforce groups such as retirees and mothers.

Larger companies with human resource departments generally know what they need to offer skilled workers in order to stave off competing suitors. Yet at least one large company—Siemens Power Transmission & Distribution (a division of Siemens AG in Munich)—has developed an apprenticeship in which Wendell, North Carolina, high school students are offered “rigorous math and science” and “hands-on practical” training. According to the Siemens Youth Apprenticeship Program (SYAP) Web site, “graduates can enter the workforce directly after high school or continue their training in adult apprenticeships, community colleges, or universities. Career development training can continue during post-secondary schooling.” Siemens operates a mid-sized plant in Wendell, North Carolina.

The SYAP is based on a “German dual system” that balances academic pursuits with on-the-job training. For two hours each weekday, participating East Wake High School juniors and seniors combine work-based learning in the company's training center (which is located within the school) with a classroom-based math and science program developed jointly by Siemens and the school system. Teachers employed by the school system serve as primary trainers. Trainees can receive additional training from Siemens personnel during the summer. Upon graduation from high school and the SYAP (trainees must pass written and practical exams), participants can work for Siemens or attend two- or four-year colleges. Participants choosing the former option are required to enroll in the adult apprenticeship program and attend community colleges part-time. Participants who choose to attend two- or four-year colleges can

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1 World Wide Web sites such as CareerMosaic™, CareerWeb™, America's Talent Bank™, and JobBank USA™ post the résumés of skilled U.S. workers. Moreover, search engines such as Yahoo™ organize the on-line résumés of thousands of skilled workers into dozens of employment categories. For example, a review of the “High Tech” employment category yielded 54 on-line résumés. This proactive approach provides access to an international skilled labor force.

2 URL: http://siemapp.com/intro.htm. Contact Dale Warren (East Wake HS/Siemens Trainer) at siemappr@mindspring.com for more information.
receive scholarships by working for Siemens during the summer and maintaining good grades. Siemens also provides tuition reimbursements to qualified college students who continue to work for Siemens.

A recent study by the North Carolina Department of Labor (NCDL) analyzed the impact of the SYAP on productivity and cost savings. In the examined division, productivity increased by 42 percent and defects decreased by 71 percent. Although Siemens pays $1,146 annually to train each high school participant, each trainee generates $9,543 per year in cost savings. The NCDL concluded that the SYAP contributed positively to Siemens and to the local economy. The SYAP was highlighted in a Learning Channel program called School Stories.

Unlike their larger counterparts, small businesses (i.e., firms with 100 or fewer employees) are not always able to compete for skilled workers or afford comprehensive apprenticeship programs. However, the state of Ohio and its universities operate several regional small business development centers. The Miami Valley/Upper Valley SBDC Partnership (Region 4) serves Montgomery County as well as Clinton, Darke, Greene, Miami, Preble, and Shelby counties. Six of the eight SBDC Centers that comprise Region 4 are located in Montgomery County:

- Dayton SBDC and Dayton ITAC (Industrial Technology Assistance Corporation) in the Dayton Area Chamber of Commerce (contact Harry Bumgarner, Director, at 513-226-5239)
- Center for Small Business Assistance at Wright State University (contact Jeannette Davy, Director, at 513-873-3503)
- Dayton MCBAP (Minority Contractors and Business Assistance Programs) (contact Frank M. Rives at 513-223-2164)
- Miami Valley OPTA (Ohio Procurement Technical Assistance) Outreach Center at Central State University (contact Fatou Ndiaye, Director, at 513-376-6514)
- EMTEC/Southern Area Manufacturing SBDC in Kettering (513-259-1361)
- Microenterprise Development Program (contact Toni Perry, Director, at 513-222-0065)

Small businesses that produce or use advanced technologies and are not yet established or are in initial design stages may be eligible to participate in incubation projects that typically consist of small businesses, a county or city, a university, and an economic development corporation. The National Business Incubation Association believes that incubators help build "an entrepreneurial culture within a community by pulling together the support of financial institutions, business owners, community leaders, schools, government, and business assistance professionals." Details on business incubators are provided in the technology transfer section.

Technology Transfer and Development
The transfer of technologies and technological knowledge from non-commercial to commercial (i.e., private sector) use is discussed in this section. First, military-based programs designed to assist the civilian sector are described. Second, business incubators are discussed in terms of their potential to spawn and cultivate advanced technologies within local economies.

Military Technology Transfer
One major result of the end of the Cold War was military downsizing, which was manifested largely through the closing of numerous military divisions and bases. Although the U.S. Department of Defense (DoD) continues to oversee the generation of advanced technologies that can deal with new types of threats like information warfare, political and market forces dictate that it also consider the applicability of these and older technologies to civilian use. As a result, the four branches of the U.S. Armed Forces have
spearheaded campaigns throughout the 1990s to impart their technological knowledge to private sector industries of all types.

For the most part, the U.S. Armed Forces have conducted this campaign through technology transition offices that draw from military databases to respond to inquiries from contacting companies. In most cases, these offices provide free services and work one-on-one with individual companies. One such office is the Materiel Command Technology Transition Office (TTO) at Wright-Patterson Air Force Base (WPAFB), which operates TECH CONNECT through its Technology Connections Team. TECH CONNECT is marketed as a “single point of entry” for accessing “Air Force technology information to the Department of Defense, industry, and academia.”

At its Web site, TECH CONNECT pledges to connect customers to Air Force experts, and offers to:

- Find more information regarding a particular technology;
- Search for helpful Air Force technologies;
- Accelerate the transition of technology;
- Field requests from government agencies trying to make the right Air Force technology connections; and
- Help the commercial sector learn about potential technology transfer opportunities.

As of mid-May 1998, TECH CONNECT had responded to requests from parties in at least 11 cities and towns within Montgomery County, including Beavercreek (15 requests), Centerville (9), Clayton (6), Dayton (130), Englewood (8), Germantown (4), Huber Heights (6), Kettering (23), Miamisburg (13), Vandalia (4), and West Carrollton (1).

A TECH CONNECT representative described four example requests:

- Morning Pride Manufacturing Co., a member of the National Firefighters Organization, wanted to find or develop a hearing device that could withstand a temperature of 500 degrees for at least five minutes. TECH CONNECT identified a Tyndall AFB project that involved the development of a new heat-resistant helmet with a hearing device implanted within. TECH CONNECT linked Morning Pride with Tyndall AFB to facilitate the transfer of this technology.
- Event Scoring Systems (ESS) in Dayton wanted to use lasers to scan bar codes implanted in the helmets of motorcross racers as they pass finish lines. Miniature transmitters connected to the scanned bar codes would then relay information to a central computer that could calculate and present official scores. TECH CONNECT linked ESS with a program at Warner-Robins Air Logistics Center that was developing automatic identification technologies.
- A Montgomery County consultant contacted TECH CONNECT in a search for an air compressor that could compress 10,000 psi. TECH CONNECT located a Wright Laboratory organization that operated such a compressor.
- ITT Automotive Electric Systems wanted information on technologies that could reduce noise and vibrations associated with DC (direct current) electrical motors. TECH CONNECT linked ITT with a Sacramento Air Logistics Center electrical equipment manager, a Wright Laboratory vibration isolation project engineer, and a Navy propulsion engineer at Coastal Systems Station in Panama City, Florida.

Another WPABF-related entity that facilitates the transfer of advanced technologies from non-commercial to commercial use is the Wright Technology Network (WTN). According to a TECH CONNECT representative, WTN “links industry in the Great Lakes region [including Montgomery County] to the technology of all federal laboratories and academic institutions nationally with a special emphasis on [WPABF] technology.”

Additionally, small businesses can use the services of any of five Ohio Manufacturing & Defense Transition Centers (MDTCs). Ohio MDTCs are affiliated with state SBDCs and provide counseling at no cost to clients (although fees may be charged for training and market research services, assessments, and project development). Among other activities, Ohio MDTCs will:

- Provide technology transfer research;
- Assist small businesses in applying technologies developed by defense industries or other federal agencies; and
- Link small businesses to pertinent federal laboratories and statewide databases using the Ohio Technology Network (OTNET).

For more information, contact Jim Ackley at jimackley@aol.com.

Business Incubators

Like the hospital and laboratory units after which they are named, business incubators are designed to nurture small businesses until economic self-sufficiency is ensured. According to the National Business Incubation Association (NBIA), a center’s chief goal is “to produce successful graduates… that are financially viable and free-standing when they leave the incubator, usually in two to three years.” Approximately 80 percent of incubated firms survive their first three years, compared with a 35 to 40 percent survival rate for non-incubated start-ups (NBIA, 1998).

The NBIA states that incubators, like venture capitalists, “impose selection criteria upon prospective clients” to improve success rates. Some incubators support a mix of industries, while others “concentrate on industry niches.” However, the focus of most incubators is on the development and application of advanced technologies: “The businesses being incubated today are at the forefront of developing new and innovative technologies—creating products and services that improve the quality of our lives—on a small scale today and on a much grander scale tomorrow.”

Most incubators consist of four types of organizations: a municipality or county; a university; an economic development corporation; and one or more small businesses. Incubation typically involves the provision of physical space (and flexible leases), access to a network of business and technical consultants, relationships with financial institutions, and use of university resources. State and federal agencies help fund numerous incubators and small business development centers often provide counseling and technical assistance. In fact, the chief federal incubator-funding program—the Small Business Technology Transfer Research (STTR) pilot program—serves primarily to encourage technology transfer through cooperative research between small businesses and research institutions. Therefore, most incubators are technology-based because of federal funding opportunities, the presence of university partners engaged in high-technology research, and an entrepreneurial culture dedicated to promoting advanced technologies.

The NBIA Web site contains links to more than 80 U.S. incubators, including incubators based in Lima, Athens, and Youngstown, Ohio. No Montgomery County-based incubators were identified by NBIA or through a general Web search (yet one or more may exist).

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4 View the WTN Web site at [http://www.wtn.org](http://www.wtn.org) or contact WTN staff at 937-255-0776.

One successful, technology-oriented incubator is the GENESIS program in Fayetteville, Arkansas. GENESIS was established by the University of Arkansas and funded by the U.S. Small Business Administration (SBA) and the Arkansas Science and Technology Authority (ASTA) "to facilitate the development of technology-based business enterprises" and "to deal with issues of technology transfer/commercialization and how a university-hosted business incubator may benefit the state." GENESIS currently is incubating 13 firms within the Engineering Research Center at the University of Arkansas. Nearly 30 firms have graduated from the GENESIS program, including Advanced Brake & Clutch, Bio-Engineering Resources, Invotek Corporation, and Optical Networks, Inc. GENESIS draws heavily from the federal STTR and SBIR (Small Business Innovative Research) funding programs.

Clients receive work space at below-market rates and a set of services that includes conference rooms, reception and secretarial assistance, a technical resource center, bookkeeping, building maintenance and security, access to university computing facilities, utilities, telephone connections, and on-site financial consultation. Program participants include the state of Arkansas, a local SBDC, the Arkansas Center for Technology Transfer, the Service Corporation for Retired Executives, and various university colleges and departments.

Although most incubation occurs within buildings or complexes, some virtual incubators provide all of the same services except physical space. The Fort Collins Virtual Business Incubator (FCVBI) involves the city of Fort Collins, Colorado State University, and the Fort Collins Economic Development Corporation. Progress toward establishing a university-based incubator was repeatedly blocked by an inability to identify a sponsor that would fund a feasibility study required for construction financing. According to the assistant city manager, "It was frustrating to think that the opportunity to develop an incubator would be lost to the complexity of building a physical structure."

In response to this impediment, program leaders began to develop the concept of "an incubator without walls." Essentially, the key actors in the FCVBI—the city, the university, and the EDC—provide the same services that businesses incubated within buildings receive except physical space and related support services. FCVBI costs are borne by the city of Fort Collins, the private sector, the university, and a state of Colorado grant (the FCVBI is not funded by the STTR and SBIR programs). The estimated annual program cost is $80,000, which includes supplies, equipment, software, space needs (for periodic meetings), and the salary of one full-time staff person who "coordinates requests from potential clients, provides initial screening, and matches certified clients with the appropriate service providers." The FCVBI is coordinated through the existing offices of the Fort Collins EDC. Program partners also have instituted performance measures with which to evaluate the success of the FCVBI. The FCVBI began operations earlier this year.

An incubator in Montgomery County could draw from the resources and technical assistance of engineering departments at Dayton and Wright State universities. The University of Dayton's School of Engineering offers concentrated studies in civil and environmental, chemical and material, electrical and computer, and mechanical and aerospace engineering. It also offers concentrated studies in engineering technology and engineering management systems. The College of Engineering and Computer Science at Wright State University offers concentrated studies in biomedical, electrical, computer science, and mechanical and materials engineering.

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* For further information, contact Frank Bruno, assistant city manager of Fort Collins, Colorado, at 970-221-6763 or fbruno@ci.fort-collins.co.us.
Riverfront Development: Grant Programs and Funding Sources

In March 1998, public and private sector leaders throughout Montgomery County unveiled a riverfront revitalization plan that, according to the Dayton Daily News, includes a festival plaza, an ice rink, fountains, gardens, retail pavilions, and a Five Rivers Fountain which shoots water into the air from five points at the confluence of the Great Miami and Mad rivers. Current estimates place project costs around $24.4 million, $7.3 million of which will likely come from private sources such as the Reynolds Foundation, which has pledged $1 million toward the project. Project leaders expect public sources to fund the remaining costs ($17.1 million).

The Center conducted a search in InfoEd’s Sponsored Programs Information Network (SPIN)\(^7\) to identify foundations and grant programs that could provide matching funds to project participants who apply for them. Using keywords tailored to the nature of the project, more than 20 foundations and grant programs initially were identified. However, an examination of the goals and requirements of these funding entities suggested that most would not fund riverfront development in Montgomery County for reasons related to location (most foundations only fund within areas where the corporation serves) or the nature of the proposal (most foundations fund projects designed to help underserved groups). Moreover, many grant programs and foundations do not provide capital funding.

The following five foundations may or may not be interested in financing a portion of Dayton riverfront development costs, but their summary reports suggest that, relative to other foundations and granting institutions, they are more likely to be interested. Fortunately, proposed riverfront development in Dayton has two advantages in terms of attracting foundation monies: (1) an extensive plan already has been designed; and (2) multiple partners from the public and private sectors have already pledged their support and worked together to initiate the project.

1. **Lila Wallace Reader’s Digest Fund.** In addition to supporting theatrical, musical, visual, and literary arts programs, this foundation funds programs that “increase the quantity and quality of the country’s city park space” and “provide opportunities for community members to take part in the acquisition, design, programming, and maintenance of their parks.” Grant awards typically range from $100,000 to $500,000 (the city of Indianapolis requested and was awarded approximately $1 million). Initial contact should be made through “a brief letter of inquiry” (Lila Wallace Reader’s Digest Fund, Two Park Avenue 23rd Floor, New York, NY 10016). For additional information call 212-251-9800. Montgomery County should market the quality-of-life amenities afforded by riverfront development and the process by which the community will participate in developing the riverfront.

2. **Ford Foundation—Asset Building and Community Development.** Its economic development unit supports “efforts to build financial assets through work, access to credit, and home ownership. Grants focus on urban and rural development, employment generation, housing, and community development finance institutions.” To be considered, Montgomery County applicants should focus on the impacts of riverfront development on the surrounding community (e.g., job and affordable housing creation, increased financing opportunities for underserved groups). Average funding amounts are not given. More information can be obtained at the Ford Foundation Web site (www.fordfound.org), by telephone (212-573-5000), or by e-mail (office-secretary@fordfound.org).

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\(^7\) The SPIN Web site can be accessed at http://www.infoed.org/spin_start.html.
3. **George Gund Foundation Grants Program.** Support from this foundation is provided to tax-exempt institutions in Ohio in multiple areas, including economic and community revitalization. Although grants are directed primarily toward Cleveland-based projects, "programs of state-wide significance in Ohio are considered." Because high priority is given to "programs which create jobs and livable neighborhoods for inner city residents," Montgomery County applicants should focus on the impacts of proposed development on downtown residents. Average grant amounts are not provided. The Gund Foundation can be contacted by telephone at 216-241-3114 (no Web site or e-mail address).

4. **PPG Industries Foundation Grants Program.** According to its summary report, PPG Industries provides "operating, capital, and special projects grants" in the area of civic and community affairs. More specifically, it funds "organizations that work for leadership of public affairs of national, state, and local interest. Major interests include community improvement and economic development." Montgomery County applicants should demonstrate how the project will enhance quality-of-life locally and throughout the region. PPG Industries appears to be interested in funding development-based projects that spread substantial benefits over a wide range of areas and groups. Grants generally range from $5,000 to $25,000, but some grants up to $460,000 are provided. For more information, contact PPG Industries by telephone at 412-434-2962 (no Web site or e-mail address).

5. **Surdna Foundation Grants Program.** This sponsor is "particularly supportive of programs which are integrated into a local comprehensive approach to community revitalization." Surdna areas of interest include:

- Preserving and producing affordable housing and promoting homeownership;
- Increasing small business savings and access to credit;
- Creating and strengthening community development financial institutions;
- Expanding existing neighborhood enterprises; and
- Producing multiple job opportunities for neighborhood residents.

Surdna interests, therefore, are similar to the interests of the Ford Foundation. Although average grant information is not available, recent grants in community revitalization have totaled $3,177,000. For more information, contact Surdna on the Web (www.surdna.org), by e-mail (request@surdna.org), or by telephone (212-557-0010).

In targeting the latter four foundations, Montgomery County applicants must market the riverfront development project as more than just an economic development tool. They must illustrate how the project will affect the downtown populace and the economic well-being of the entire region. What jobs will be created? For whom? How will small businesses be affected, particularly those that are owned by minority interests? How will underserved groups be served? Will housing be more affordable or accessible to low- and moderate-income residents? To receive foundation monies, applicants must move beyond general economic impact discussions to descriptions of the project as a remedial solution for persons, groups, and businesses that will fare poorly in the absence of the development.
Corrections Reform in Montgomery County, Ohio: Reducing Incarceration and Recidivism

A large number of GFFPC members identified unreasonably large corrections expenditures as a high-priority concern. According to the task force, one reason for these large expenditures involves the increasingly contentious relationship between Dayton and Montgomery County criminal justice groups. More specifically, task force members want to overturn or more effectively manage a state law that requires Montgomery County to pay for the confinement of offenders sentenced by municipal judges to the Dayton Rehabilitation Center (DRC) (municipal judges have the discretion to do so when prosecutors charge suspects with a violation of state law rather than municipal code). Another cause of large corrections expenditures involves more conventional problems such as recidivism, the incarceration of lower-level, non-violent offenders, and poorly coordinated criminal justice systems.

Developing remedies for the effects of the ongoing dispute between the city of Dayton and Montgomery County involves upper-level politics and advanced legal analyses and, therefore, is beyond the scope of this report. (As one county staff person stated, the county may even consider assuming DRC operations if the problem persists and it is in the county’s best interests to do so.) However, reducing recidivism, incarceration rates and the demand for bed space are objectives common to nearly all corrections departments throughout the United States. The remainder of this section, then, presents a set of best practices designed to achieve these objectives. Best practices are organized into the following three categories:

- General overcrowding reduction strategies
- Reducing recidivism to reduce overcrowding
- Imposing intermediate sanctions and pre-trial detention alternatives

General Overcrowding Reduction Strategies

In 1994, the National Institute of Corrections (NIC) awarded a grant to the American Jail Association (AJA) to conduct research on successful jail overcrowding remedies. AJA first mailed a detailed questionnaire to large jail systems throughout the United States. Fifty systems responded. After reviewing completed surveys, AJA selected five study participants that had implemented innovative and effective methods for reducing jail overcrowding: King County, Washington; Pinellas County, Florida; Fairfax County, Virginia; Multnomah County, Oregon; and Volusia County, Florida. Representatives from these counties met with AJA staff and discussed the techniques and approaches used to reduce overcrowding. In distilling the experiences of these counties, AJA identified six process changes and five programmatic changes. Process changes include the following:

1. Establishing timeframes for case distribution (or processing)

2. Rapid probation violation hearings
   a. King County recognized that a significant portion of the jail population consisted of probation violators awaiting hearings. Department staff and judges met to discuss how such cases could be accelerated. Together, they agreed to bring certain parole violators before sitting judges (with sentencing judges notified of the hearing outcome).

* The author acknowledges Lynn Kremer of the Montgomery County Office of Management and Budgeting for her assistance in articulating the recent corrections history of and current corrections environment in Montgomery County. Any and all inaccuracies or errors are the sole responsibility of the author.
b. Probation violators in Multnomah County are brought before judges on the next arraignment calendar.

3. Deferred sentencing
   a. The Pinellas County Sheriff’s Office has the authority, in certain prescribed cases, to schedule the dates during which offenders must serve jail sentences.

4. Reducing pre-sentence investigation time
   a. King County staff worked with the local judiciary to develop an abbreviated pre-sentence investigation form that decreased sentence preparation time and allowed probation staff to shift its focus toward case supervision.

5. Establishing a drug court
   a. The STOP (Sanctions, Treatment, Opportunity, Progress) program in Multnomah County involves a separate judicial process and diversionary procedures for drug-related defendants.

6. Mental health interventions

AJA also identified five programmatic changes or alternative sanctions instituted by participating counties. Some criminal justice actors and researchers argue that the cost-effectiveness and general efficacy of alternative sanctions have been exaggerated (see the section of this report entitled *Imposing Intermediate Sanctions and Pre-Trial Detention Alternatives*). The five programmatic changes identified by the AJA for this study include the following:

1. Pre-trial screening and supervision
   a. Pinellas County’s pre-trial screening and supervision program saved the jail 414,881 bed days in 1993, which translated into a savings of $15 million.

2. Forest program
   a. The Department of Community Corrections in Multnomah County developed a program in which offenders with shorter sentences and probation violators are transported to a week-long forestry work camp where they engage in activities such as brush clearing.

3. Day-reporting program
   a. Multnomah, King, and Fairfax counties all administer day-reporting programs. These programs resemble intensive probation and require participants to report daily to specified locations. Lower-level, non-violent offenders typically are selected for the programs.

4. Drug and alcohol programming
   a. King County diverts many misdemeanor drug and alcohol offenders from incarceration and places them in the North Rehabilitation Facility, an in-house treatment center.

5. Electronic monitoring (EM) and home detention
   a. In King County, corrections staff convinced the local judiciary to grant them authority to assign inmates who meet prescribed criteria to EM or home detention. The county believes that this program has reduced the number of bed days significantly. The county also states that its discontinuation of an EM bracelet and use of an EM voice recognition system has saved money for the county.
Contacts for these programs are (as of 1995):

- King County, Washington: Ray Coleman, Associate Director of the Department of Adult Detention (206-296-1269);

- Pinellas County, Florida: Captain Kirk Brunner, Pinellas County Sheriff's Office (813-464-6341);

- Fairfax County, Virginia: Sara Cox, member of the Fairfax County Sheriff's Office's Criminal Justice Policy Group (703-246-3247);

- Multnomah County, Oregon: Thomas B. Slyter, Jr., Chief Deputy of the Multnomah County Sheriff's Office (503-248-3266);

- Volusia County, Florida: Francis T. Moore, Corrections Director of the Volusia County Department of Corrections (904-254-1555); and

- American Jail Association (institutional author of report): Steve Ingle, Executive Director (301-790-3930).

Reducing Recidivism

Success or failure in the criminal justice system often is measured by recidivism rates, or by the percentage of convicted offenders who reoffend and are reconvicted. Conventional wisdom in criminal justice supports the idea that a high proportion of crime is committed by recidivists and that recidivists comprise the bulk of many inmate populations. For example, the Bureau of Justice Statistics (BJS) reported that 61 percent of 1991 state prison inmates had previously been incarcerated. In another BJS study, more than 90 percent of adult parolees who had committed six prior offenses were reconvicted within six years (1987). By virtue of their tendency to repeatedly commit criminal offenses, recidivists generally are not deterred by incarceration. As a result, criminal justice actors have had to explore alternative programs that reduce recidivism. Communities that succeed in reducing recidivism are more likely to succeed in reducing jail overcrowding.

One program that has produced positive results is the Texas-based Project Re-Enterprise (PRE) program. Administered by the Crime Prevention Institute, PRE "enlists the participation of local business leaders in an educational initiative to hone the job-seeking skills of inmates." PRE is based on the premise that the cycle of recidivism can only be broken if offenders, once released, are provided viable employment opportunities. Without such opportunities, PRE advocates contend, recidivism will continue to plague the criminal justice system.

At its core, PRE relies on the participation of employers. The program catalysts—Robb Sutherland, a former member of the Texas Commission on Alcohol and Drug Abuse, and John Bonner, a former warden of Texas' first prison-based, therapeutic drug treatment facility—persuaded nine employers to participate in a mock job fair in 1992. The mock job fair was successful in that it encouraged participating employers to consider hiring ex-inmates. A few employers even told certain inmates to contact them upon release. The popularity of PRE exploded in the next four years. In August 1996, PRE involved more than 300 employers and nine correctional institutes throughout the state. Employers who participate in PRE are not required or even pressured to hire the inmates they interview. PRE administrators cite this allowance as crucial to enlisting the support of businesses.

Communities that want to replicate the program should proceed with caution. First, a program observer points out that PRE "has required leaders with charisma and connections to the business community and public funding sources" (Moses, 1996). Without connections to key businesses, similar programs may fail.
Second, participating corrections departments have incurred substantial costs related to PRE. Employer recruitment, for example, has been "labor intensive, with more than 70 percent of the operating budget allocated to salaries and benefits of staff and contractual employees." Therefore, a program like PRE may significantly reduce recidivism, but at costs that exceed budgetary realities. For further information on PRE, contact Marilyn C. Moses, program manager at the National Institute of Justice, at 202-514-6205 (or send e-mail at moses@oij.usdoj.gov).

Another program that has reduced recidivism involves bibliotherapy and the provision of positive role models. Bibliotherapy is a term describing the use of literature as a therapeutic tool, and was instituted as part of an alternative sentencing program through the Changing Lives Through Literature (CLTL) program. Established in 1990 by University of Massachusetts at Dartmouth professor and dean Robert Waxler and District Court Judge Robert Kane, CLTL shifts its focus from punitive sanctions to personal growth. Waxler and Kane, in conjunction with the district court probation department, select repeat offenders who are literate and demonstrate a desire to change. According to Waxler, who "designs the reading list around works with themes of violence and the relationship of the individual to society, believes fervently in the power of literature to heal people." The CLTL reading list includes works by Ralph Ellison, Ernest Hemingway, Jack London, Norman Mailer, and Toni Morrison.

CLTL also involves intensive probation, bi-weekly literature discussion groups, and pre-employment/job placement services. Discussion groups are held at the university, and thereby removed from the criminal justice environment. Following each discussion group, area volunteers, particularly businessmen, serve as role models by meeting with participants. Volunteers are encouraged to remain with the program throughout the 12-week session. Upon successfully completing the 12-week session, graduates are granted non-intensive probation.

A recent Indiana University study found that only 19 percent of examined program participants were reconvicted within the next three years, compared with 45 percent among a control group. As with the Texas-based Project Re-Enterprise, CLTL has demonstrated some effectiveness in reducing recidivism, but may be costly to administer. CLTL operates on a small scale: in its first two years only 40 recidivists had graduated. Bibliotherapy on a larger scale could be administratively burdensome. Additionally, program administrators who elect to include volunteer role models would likely need to develop a recruitment program. For more information on CLTL, contact Susan Krumholz (skrumholz@umassd.edu).

Finally, the state of Vermont claims to have reduced recidivism through a small-scale restorative approach that focuses on reintegrating lower-level, non-violent offenders into the community. Like other alternative sanctions, the restorative approach involves monetary restitution and community service. However, the restorative approach also involves victim mediation. Program participants meet with their victims (where applicable) and trained mediators to determine how justice can be administered most effectively. Victim mediation is designed in part to make offenders think about the consequences of their actions on the lives of victims. After two years (from 1994 to 1996), slightly more than 400 offenders participated in the program, with 78 percent completing program requirements. Recidivism among this group is lower than among control populations.

**Imposing Intermediate Sanctions and Pre-Trial Detention Alternatives**

Alternative sanctions—often referred to as intermediate sanctions—have been used extensively throughout the past decade or so in an attempt to reduce jail crowding by reducing the number of convicted offenders who are sentenced to jail. In place of jail, these offenders—who typically are misdemeanants, probation violators, or lower-level, non violent offenders—perform community service, attend boot camps, and conform to home detention requirements and electronic monitor constraints. Other types of alternative sanctions have been devised and implemented, but these are the most popular. Most available evidence suggests that intermediate sanctions have not achieved anticipated benefits (NIJ, 1997). The NIJ states that
community service sanctions do not reduce recidivism. Taken together, intermediate sanctions of all types have not consistently reduced demand for bed space. Moreover, some critics argue that intermediate sanctions actually increase the number of offenders under court supervision, thereby widening the net. Finally, the NIJ found that costs incurred in operating intermediate sanction programs often exceed expectations.

However, the Management Information Service (MIS) of the International City Management Association (ICMA) identified an intermediate sanction program implemented by the state of Georgia that has generated positive results within the state over the last decade. Like other intermediate sanctions, Intensive Probation Supervision (IPS) in Georgia frees jail and prison space by diverting offenders away from the incarceration system. The IPS program consists of seven key guidelines:

- Five weekly contacts with the supervisor
- Mandatory community service
- Mandatory curfew
- Mandatory employment
- Weekly local arrest records checks
- Automatic notification of arrest in other jurisdictions via the state crime information network
- Routine and unannounced drug and alcohol testing for substance abuse offenders

IPS program costs are subsidized by participants who pay supervision fees between $10 and $50 per month (the state and participating counties still pay a portion of staff salaries). Despite the inclusion of felons (nine percent of program participants in the first three years), the intensive nature of program supervision has made IPS more saleable to the public and to judges by relieving some safety concerns. Although IPS has moderately reduced jail crowding at the state and county levels, it has not reduced recidivism as much as expected.

Pre-trial detention alternatives (PDAs) generally are more effective because they serve the immediate, short-term function of removing lower-level, non-violent defendants from the jail population until trial. More popular PDAs include electronic monitoring, home detention, pre-trial probation (including day-reporting), and revolving bail funds. As with intermediate sanctions, however, PDAs are criticized for jeopardizing public safety even though most PDA programs exclude felons.

Twenty-eight states and Washington, D.C. have instituted PDA systems that subsidize defendants who cannot afford bail. Under the cash deposit bail system, defendants can pay a percentage (usually 10 percent) of the full bond amount. If the defendant makes all required court appearances, the deposit is returned minus an administrative fee. A similar approach is the revolving bail fund (RBF). With RBFs, counties establish a fund using state or federal grants (some states allow counties to apply overcrowding fines to the fund). Eligible defendants can draw from the fund if they sign a promissory note. Critics argue that defendants who use RBFs assume no monetary risk and therefore are more likely to be flight risks.

Mitigating Sprawl in Montgomery County, Ohio

As it applies to land use, the term sprawl refers to human development that spreads beyond urban boundaries and into rural areas where land historically has been preserved as open space or used for agricultural purposes. In most regions of the United States, sprawl has been a product of development since the end of World War II, when population growth, new highways, and socioeconomic forces led to the rise of the suburb as the locational choice of the middle-class. Sprawl continues today but is being
fought against by rural land owners, environmentalists, county residents struggling to maintain their quality-of-life, and other opponents who argue that the development of open spaces and farmland causes more long-term economic costs than benefits.

Factors that have been blamed for causing or encouraging sprawl include lower property tax rates and costs-of-living in suburban and rural areas, transportation infrastructures that facilitate commuting and travel, sociological phenomena, and general economic growth. Most experts argue that market forces—which create economic incentives for certain households and businesses—are the prime cause of sprawl in the United States. Although sprawl has benefited some individual businesses and households financially, it has harmed others and the natural environment. Problems resulting from sprawl include:

- The inefficient use of land and water resources;
- Increased service delivery costs borne by local governments (particularly cities that experience rapid tax base reductions) and their taxpayers;
- Taxpayer debt stemming from capital expenditures for redundant infrastructures;
- Infringement on agricultural markets and rural character;
- Altered or compromised ecosystems and related environmental damages;
- Increased intra-county competition for businesses; and more.

The remainder of this section focuses on selected sprawl mitigation strategies: urban growth boundaries, open space zoning, new urbanism, and land trust purchases.

Before describing these strategies, it is important to note that sprawl cannot be mitigated without a recognition of its detrimental impact by area leaders and their commitment to implementing programs that may require short-term sacrifices in other areas. Maryland Governor Parris Glendenning argues that sprawl mitigation requires “a broad-based acknowledgment of the need to explore new paths” by “a combination of political, business, citizen, media, and special interests.” Georgia State University professor Barbara Ray, an expert on sprawl, believes that growth cannot be managed unless people want it managed. “Different communities have different value systems,” according to Ray.

**Urban Growth Boundaries**

In the early 1970s, the state of Oregon passed legislation requiring all cities and towns within the state to establish urban growth boundaries (UGBs) beyond which most forms of development are banned. Oregon designed UGBs “to preserve prime farm and forest lands” and “to encompass an adequate supply of buildable land that can be efficiently provided with urban services (such as roads, sewers, water lines, and streets) to accommodate expected growth during a 20-year period” (Metro, 1997). Dozens of articles published throughout the last 20 years have examined the effectiveness and consequences of UGBs in Oregon. Most of these examinations have focused on the UGB managed by Metro, a regional organization that includes the city of Portland and 23 other Portland area municipalities. (Metro also manages regional transportation, land use, solid waste, and green space.) The Metro UGB permits most types of development within 233,000 acres (or 364 square miles) of land. Development is prohibited beyond the UGB, however. The UGB can be changed through legislative amendments, locational adjustments (i.e., minor technical adjustments of 20 acres or less), and roadway realignments. Initially, most critics questioned whether the UGB would harm the Portland regional economy. As time passed, these critics were rebuffed: the Portland region is growing “at a rate more than two or three times the national average, and has been for more than a decade” (Dobbins & Dobbins, 1997). By the late 1980s, the UGB was credited with eliminating sprawl and not interfering with—and perhaps even fueling—economic growth.

However, the Metro UGB is now criticized for causing or exacerbating other problems. Housing prices within the UGB have risen so high that many life-long residents can no longer afford to live in parts of
the region. A Willamette Weekly article from February 1998 stated that thousands of regional residents are moving across the Columbia River into nearby Washingtonian cities and towns. Other critics attack the principles upon which UGBs are based. By preserving farmland, they argue, UGBs do more harm than good to the environment because most water pollution comes from agricultural sources. In addition, it is argued that the need to preserve open space is overstated in Oregon, where nearly 90 percent of all land is open space.

In spite of its criticisms, many of which are valid and need to be addressed, the Metro UGB has been effective in mitigating sprawl, preserving farmland and open space, and facilitating efficient service delivery. Its success in these areas has generated interest from numerous regions considering similar approaches. David Knowles, director of the Portland Planning Department, believes that Portland’s experience with the Metro UGB can help these regions. His suggestions include:

1. Focusing on the preservation or revitalization of downtown character;
2. Planning for long-term sustainability and the “community instead of shopping malls”;
3. Listening and responding to citizens.

For more information, view the Metro Web site (www.multnomah.lib.or.us/metro) or e-mail 2040@metro-region.org.

**Open Space Zoning**

Noted planner and Planning Commissioners Journal editor Randall Arendt coined the term open space zoning (OSZ) and advocates its use. In an article titled “Open Space Zoning: What It Is And Why It Works,” Arendt summarizes OSZ (see www.webcom.com/~pcj/articles/arc015.htm):

Local officials who are interested in ensuring that their communities will not ultimately become a seamless web of subdivisions, shopping centers and office or industrial parks now have a practical and effective alternative: compulsory open space zoning. This technique has been successfully implemented by a number of municipalities in New England and the Mid-Atlantic states, and by several counties in Virginia, Washington State and California.

In order to avoid disturbing the equity held by existing landowners, open space zoning allows the same overall amount of development that is already permitted. The key difference is that this technique requires new construction to be located on only a portion—typically half—of the parcel. The remaining open space is permanently protected under a conservation easement co-signed by a local conservation commission or land trust, and recorded in the registry of deeds.

Arendt adds that OSZ is based on the technique of clustering. The basic principle of cluster development is “to group new homes onto part of the development parcel, so that the remainder can be preserved as unbuilt open space.” Cluster housing is not limited to townhouses, apartments, or condominiums. “In fact,” Arendt notes, “the classic rural village settlement pattern is a superb example of single-family clustering, sometimes with a central green constituting the permanently preserved open space.”

**New Urbanism**

Some sprawl experts believe that the trade-off for preventing sprawl in outlying areas is the acceptance of higher densities in jurisdictions that already have been developed. Unfortunately, as David Luberoff, assistant director of the A. Alfred Taubman Center for State and Local Government, notes, “sprawl’s critics often prove unwilling to accept higher densities in their own neighborhoods.” Many state land use
plans encourage localities to pursue compact development but do not mandate it. According to Luberoff, if New Jersey localities followed state suggestions regarding compact development, capital costs for roads, schools, water, and wastewater treatment facilities could be reduced by $1.4 billion over the next 20 years.

More than 120 communities throughout the United States, including Seaside, Florida, Kentlands, Maryland, and Laguna West, California, have pursued compact development and neighborhood-based land use planning through a concept called new urbanism. In communities shaped by new urbanism, residents are, in theory, able to reach stores, offices, and schools by foot or bicycle. Streets interconnect in a grid-like pattern to spread traffic evenly. Public transit connects neighborhoods with one another. Most importantly, zoning regulations allow for a diverse mix of activities (e.g., residential, commercial, industrial, open space) in close proximities. In theory, new urbanist residents do not have to drive to obtain goods and services or to reach their places of work. For more information on new urbanism, visit the Congress on New Urbanism Web site (www.cnu.org).

The Planning Commissioners Journal suggests that the Civano project in Tucson, Arizona, may be the largest example in the United States of a community built around new urbanist principles. The Civano project Web site (www.civano.com) summarizes its vision:

Civano’s master plan envisions construction of 2,300 homes and apartments and creation of 1,200 jobs on the site. In eight to twelve years, Civano will become home to over 5,000 people and the location of light industry, offices, and retail businesses. Commercial, cultural, and civic activity clustered in the village core will foster a small town ambiance. Businesses in Civano will provide jobs for some of the residents, reducing the need for automobile travel and its attendant air pollution.

Similar in its criticism of the prevailing patterns of development are the Ahwahnee Principles. Established in 1991 by six architects who wanted to use land use planning to address the problems posed by sprawling development, the Ahwahnee Principles (which were named after the Ahwahnee Hotel in Yosemite within which the principles were presented) serve as guidelines for practitioners working to create new urbanist communities. Altogether, there are 15 community, four regional, and four implementation principles. All 23 principles are described in detail on the Ahwahnee Principles Web site (www.lgc.org/cle/ahwnprin.html).

The success of new urbanism is still uncertain. As with urban growth boundaries, new urbanism is blamed for increasing the cost of housing, thereby thwarting its aim to include a wide range of income levels within the same neighborhood. Most established new urbanist communities are very young—the oldest have existed for five to ten years—and therefore are difficult to evaluate.

**Land Trust Purchases**

Land trusts purchase farmland, open spaces, wetlands, forests, and other undeveloped and environmentally sensitive areas to protect them from future development. Many land trusts expend their resources on areas with valuable or sensitive natural features (such as lakes or endangered species) or, in order to stave off imminent development, on fringe areas that abut new or proposed developments. The largest land trust in the United States is the Nature Conservancy (see www.tnc.org/infeld/State/Ohio/index.html for the Ohio branch). Other land trusts include The Conservation Fund, The Trust for Public Land, and American Farmland Trust. The national umbrella organization for land trusts is the Land Trust Alliance (www.lta.org).
Attachment D
Human Services and Criminal Justice

1. How do we get other units of government involved in the education process?
2. Make education integral part of criminal justice, human services, economic development
3. What do we do with schools without a tax base such as Jefferson Township?
4. Expand job center activities
5. Mandatory skill training and treatment vs. incarceration for minor offenses
6. Do we have criminal justice service duplication? Who does what best?
7. What alternative education opportunities are needed to reduce the load on the criminal justice system?
8. Seek local control of state and federal funding to be directed to county objectives
9. Greater focus and training on workforce programs
10. Support charter schools
11. Review judicial system
12. Eliminate duplication of services—functions, too many small agencies
13. Create diversity training at younger ages
14. Allocate resources to prevention
15. Review fairness and consistency in sentencing
16. Alcohol and drug treatment on demand
17. Review resource allocation and payoff for public transportation
18. Plan for trends in crimes
19. How do we mandate dispersal of low-income housing and other similar services?
20. Research communities with cost reduction as result of rehabilitation
21. How do we get better cooperation amongst the criminal justice system?
22. Birth-kindergarten intervention
23. County should promote tough love
24. More flexibility in use of state and federal funding
25. How can the unemployed be trained and brought into the workforce?
26. Address needs without additional facilities
27. Ten-year plan should look at the aging population (the highest growth of human service needs)
28. Use non-ex-offender role models in detention center
29. More prevention vs. incarceration
Reg. and Land Use

1. Regionalized those services that are to the economics of scale—look at cost
2. Champions?
3. How can we incentivize cooperation between governments?
4. Proactive vs. reactive in strategic land use planning
5. Creation of tax and free for service district e.g. trash and other services
6. Privatize services to use capital for economic revitalization
7. How do we best define the region?
8. Which services should be regionalized? Which not?
9. How do we compensate the communities that get the less desirable activities?
10. Develop leadership—feelings of other communities
11. How do we balance the allocation of resources in the county?
12. How big is opportunity of consolidation (cost and quality)?
13. Encourage consolidation of basic services; as success develops it should decrease tax burdens
14. Develop high-leverage regional assets like airport
15. Create parity on land usage throughout the county
16. Regional vision with buy-in from municipalities
17. How do you establish trust?
18. One-stop building permitting
19. What are the benefits and costs of consolidation?
20. Increase regional tax sharing
21. Can we reduce the number of government units and boundaries?
22. Balance locations for NIMBY’s (dumps, group homes)
23. Provide in land use planning a variety of life style options
24. Do we need a West by-pass?
25. Review and update land use and zoning laws to reflect new visions
26. Multi-county land-use planning?
27. How do we reduce regional sprawl?
28. Deal with Brownfields
29. How do we preserve farmland? What role should management of the county play in regional planning activities?
30. Consider 30+ jurisdictions, role of annexation
31. How to begin consolidation?
32. Creation of enterprise zones
Economic Development and Amenities

1. Amount of county funding for Arts, is it enough? Capital + operating
2. Getting people back downtown
3. Public-private/partnerships to make economic development happen
4. Build on ED/GE experience—fund more projects
5. What amenities do citizens want? Willing to pay for?
6. More funding vs. more focus
7. More medium- and high-range housing in the core
8. Agree on vision of downtown
9. Public subsidy for baseball
10. Accelerated return of brownfields to use
11. What kind of an economy do we want to become?
12. Innovative countywide marketing
13. Who had the leadership role in improving quality of life? Who or what entity?
14. Understand global economy and effect on key industries
15. How do we deal with poverty in economic strategies?
16. Competitive workforce—available employees
17. We need a regional Economic Development Referral Center
18. List current cooperative efforts in county
19. List number of possible economic initiatives we need to do
20. Get positive stories out
21. Encourage use of non-performing land and buildings
22. Understanding potential of underutilized neighborhoods
23. Stimulate job and growth at an accelerated rate
24. Plan for niches to distinguish communities
25. Revise educational curriculum
26. Strategy for buy-in from surrounding communities/county
27. Help Dayton compete on its strengths and deal with its problems
28. Continue support for research centers with WPAFB, universities, and industry
29. Joint county and central city economic development leadership organization
30. Are we appropriately targeting current resources to strengths?
31. Create a consistent approach to Job creation and retention
32. Role of governments in economic development
33. Tie increased ED dollars to more significant tax sharing
34. County’s role in funding amenities programs
35. Establish metrics/benchmarks against peer cities and demo success
36. Find opportunities so that economic development groups can work together
37. Have a process to counteract out-placements in business prevent moving
38. Acknowledged center of economic development that drives the process.
40. Community public services more efficient and effective
41. Should economic development be on a regional basis? How big is the region and what role should the county play?
42. Prioritize large project initiatives
43. What is economic development?
44. Best organizational structure to promote economic development.
45. How can we generate more income for cultural and improve operating efficiencies
46. Best practices on an ongoing basis
47. How should the rewards of economic development be shared?
Attachment E
GENERAL FUND FINANCIAL PLANNING PROCESS
Results of Committee Work Groups

ECONOMIC DEVELOPMENT & AMENITIES

1. Develop a workforce that is competitive and meets the needs of employers.
   A. Education reform
   B. Training and life skills

2. Improve the quality of life in the region by enhancing and supporting amenities.
   A. Arts
   B. Universities
   C. Sports
   D. Riverfront & Parks
   E. Downtown Housing (diverse and attractive)

3. Develop a centralized resource for Economic Development planning and implementation.
   A. Marketing
   B. Visioning and strategy
   C. Revenue sharing (for example ED/GE)
   D. Regional Focus
   E. Clearinghouse for information/best practices – including academia (proactive)
   F. Workforce development/job growth – change management
   G. Develop underutilized resources and maximize existing resources

HUMAN SERVICES AND CRIMINAL JUSTICE

1. Create a coordinated criminal justice system in collaboration with other human services and education.

2. Reform schools (kindergarten through twelve) to recognize the diversity of needs in educating all children.

3. Redirect funding to invest in prevention in order to reduce criminal justice costs.

4. Consolidate all workforce development activities under one locally appointed board.

5. Reduce city/county poverty rate by one half.

6. Seek local control and accountability of state and federal dollars to be directed to county objectives.
REGIONALIZATION AND LAND USE

1. Make demonstrable progress on consolidation of services in those areas where best case research confirms the largest cost-benefit, and where we can learn from the consolidated planning processes.

2. Lead the development of a comprehensive strategy and creation of incentives for re-use of brownfield properties within Montgomery County.

3. Continue the progress on sharing the costs and benefits of economic development and housing throughout Montgomery County while insuring that balanced growth occurs inside the urban service area.

4. Implement privatization of services where there can be a demonstrated reduction of service costs and an increase in the quality of services.

5. Provide leadership in working with other counties and the State of Ohio to address the need for regional urban service boundaries.
Evaluation of the Economic Development/Government Equity Program
Montgomery County, Ohio

Executive Summary

Prepared for:
Montgomery County Department of Community and Economic Development
EVALUATION OF THE
ECONOMIC DEVELOPMENT/GOVERNMENT EQUITY PROGRAM
MONTGOMERY COUNTY, OHIO

EXECUTIVE SUMMARY

September 1997

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EXECUTIVE SUMMARY

The ED/GE Program has been operating since 1992 to support Montgomery County’s economic growth and development through capital projects and sponsored research. Local sales tax resources which support the program are allocated annually, with special project exceptions. A series of policy guidelines and project selection criteria are used to allocate the $5 million dollars that are made available each year. Contracts between participating jurisdictions and the County, personal interrelationship and the staff’s management have achieved over 100 projects since the program's inception. Job and income growth are key measures of its success to date.

Project Characteristics and Benefits

ED/GE dollars have been successful in leveraging additional public dollars for each project type. The most efficient leveraging occurred in tourism, transportation and specific industry projects. For each $100 of ED/GE money, more than $400 of public money was leveraged. Public funds were also successfully leveraged for social infrastructure and industrial parks development, $205 and $196 respectively per $100 of ED/GE money. It is difficult to compare these numbers to a national average because of inflation since 1977. Monies leveraged by EDA dollars were calculated at $2.01 of public and private money combined per U.S. Economic Development Administration (EDA) dollar.

Specific industry projects, the project type that receive the most funds, are efficient at job creation and retention. Social infrastructure and study/research projects, which both received less than $0.5 million, were successful in creating jobs. Industrial parks and general utility projects, which both receive over $1 million of ED/GE funds, at first do not appear to be major job creators. Yet, these projects may be investments for the long term, resulting in job creation only years after the projects are finished. From these findings, it appears that ED/GE project spending has been efficient in the creation of jobs and for establishing the infrastructure for the future creation of jobs. In addition, ED/GE costs per job are higher than the national average when compared to EDA projects.

In program evaluation, inaccurate findings can show either false positive findings, suggesting that the program is effective when it is not, or false negative findings, showing that a program is not effective, when, in fact, it is effective. The first false finding is called Type I error and the second false finding is called Type II error. Evaluators are much more concerned about the possibility of Type II errors than Type I errors. This is because they do not want to conclude falsely that a valued program is ineffective. And that is certainly the case here.
There is scant evidence that the ED/GE program, taken as a whole, creates either jobs or earnings in any measurable way over and above what would have been created without ED/GE. In other words, the evidence does not show that the program is effective.

First, with regard to the time-series analysis, five industries outperformed the time series forecasts, five performed at the level predicted, and six had fewer jobs than predicted. This is about what one would expect to occur without economic development assistance — in other words, by chance.

Next, the employment and earnings of seven of the assisted industries were compared to the employment and earnings of seven similar industries within Montgomery County. Only three of the assisted industries outperformed the comparison industries. Again, about what one would expect to occur in the absence of ED/GE — by chance.

In comparison with the other jurisdictions, the remainder of the State of Ohio, Franklin County, and Hamilton County, ED/GE-assisted industries did rather poorly. In only three instances did the ED/GE-assisted industries show employment and earnings growth above that in the comparison groups.

Finally, the shift and share analysis also suggested a randomness to job and earnings growth in the assisted industries. Of the 16 assisted industries in Montgomery County analyzed, exactly half had employment growth above the state average and half had employment growth below the state average — again suggesting randomness.

This evidence suggests that the relationship between the ED/GE program and job creation is minimal. But, can we say that the program does not work? No. While on the basis of the quantitative evidence presented, one cannot conclude that the program is effective, one cannot say with certainty that the program is ineffective either. To do so would run the risk of committing a Type II error. The problem is with the suggested industries. Employment and earnings numbers were suppressed because all of the employment in these industries was in one large company. If the ED/GE Program helped create a fairly large number of jobs in those industries, then conclusions about the program’s effectiveness would have to change. This, then, is a task for the qualitative portion of the evaluation. Based on this analysis, one reasonable suggestion comes to mind. In the future, ED/GE program administrators should be sensitive to the job-creating potential of assisting private firms.

Among the eight research projects reviewed, the Miami Valley Fire/EMS report is the most widely lauded by interviewees as meeting ED/GE program objectives and being useful to them. It is one of only two of the eight reports having countywide applicability.
Other reports were more narrowly focused on a township or a short highway corridor. In spite of:

- all or a portion of the study's funding being from the ED/GE program,
- a state objective of some of the studies being a basis for future ED/GE funding,
- specific ED/GE funding - eligible projects being identified, and,
- some of the proposed projects being prerequisites to accommodation of growth and development,

none of the eight reports include costs or sources of revenue tax to pay for the recommendations.

Because representatives of local governments allege, and rightly so, that their budgets are tight and because one of their challenges is allocation of ED/GE funds, the program should require the cost and revenue implications of research project recommendations. These projects should also include the countywide implications of fundings and conclusions because their principal, if not only, source of funds is the County.

Conclusions and Recommendations

Responding to the recommendations described above will require contract, policy guideline, project selection criteria, application preparation, and program management changes. Their consideration and implementation will require at least a two-year period and may not be accomplished until the ED/GE program is up for renewal by the Board of County Commissioners and participating jurisdictions in 2001. Some recommendations are more urgent to assuring continued success of the Program than are others. Each of the 17 recommendations are summarized below in terms of three time periods: immediate, short-term, and long-term.

Immediate

- Require applicants to distinguish jobs they attribute to proposed projects between basic (export) and non-basic jobs.
- Require applicants to report annually on the extent to which funding and job creation claims they have made during the previous five years have been realized. This benchmarking information should be included in the ED/GE Program's annual progress report.
- The ED/GE Program's annual progress report should be distributed to representatives of all participating jurisdictions.
ED/GE project funding allocations are described in press releases prepared by the staff. They should be distributed to the media serving small jurisdictions located in Montgomery County.
- Require applicants to identify vacant developable land to be improved by proposed projects.
- Permit Advisory Committee consideration of applicants' at-place employment and population when evaluating applications in order to increase knowledge of the scale and resources available to the small community applicant.
- Montgomery County should sponsor an annual Advisory Committee training session especially oriented to new members.
- The Advisory Committee should consider the job-generating potential of infrastructure projects which serve sites that will not be occupied until later years.

Short-Term

- Permit applicants to describe the extent to which proposed project funding would help amortize existing capital improvements.
- Accept applications in September and evaluate applications in November as well as accepting applications in April for evaluation in June.
- Roll over the unencumbered Economic Development Funds to subsequent funding cycles if the quality of proposed projects is not sufficient to absorb available funding.
- Require Opportunity Reserve Fund applicants to describe the emergency which justifies project funding between funding cycles.
- Allocate Economic Development Funds requested by joint applications in proportion to benefits to be derived by the proposed project as determined by the applicants.
- Require special research project products to apply to similar issues throughout Montgomery County and to include the cost and revenue implications of their recommendations.
- Amend the balanced growth triangle criterion to include the territory between Ohio routes 48 and 49 northward to I-70 within the urban services areas and to exclude the territory north of I-70 and west of Route 49 to the Preble County border.

Long-Term

- Require applicants to describe uses to which they put government equity funds they receive.
- Add composite materials and tool and die manufacturing to the list of high growth target industries sought by the ED/GE Program.
- Consider increasing funding every three years in accordance with growth of the U.S. Consumer Price Index.
- Amend the contract between the County and participating jurisdictions to permit the County to sponsor ED/GE projects which the Advisory Committee feels are appropriate for the County to undertake.

Implementation of these recommendations will result in more equitable management of the ED/GE Program and improve the likelihood of achieving its original objectives.
MONTGOMERY COUNTY, OHIO

ECONOMIC DEVELOPMENT/GOVERNMENT EQUITY (ED/GE) PROGRAM

ED/GE

→ TWO INTER-RELATED, BUT SEPARATE FUNDS:
   > ECONOMIC DEVELOPMENT
   > GOVERNMENT EQUITY
ECONOMIC DEVELOPMENT (ED) FUND

→ $5 million annually for nine years from the County’s sales tax revenues
→ Allocated annually to projects through competitive funding process
→ $4.25 million awarded to capital improvement projects
→ $500,000 awarded to special/research projects
→ $250,000 held in reserve for economic development opportunities which occur outside grant funding cycle

GOVERNMENT EQUITY (GE) FUND

→ GE formula redistributes local revenues (with some limitations/ceilings) based on the relative well-being of any one community in relation to the whole community of participating jurisdictions
→ “Well-being” is defined as growth in assessed valuation of property and growth in two revenue sources: income taxes and property taxes
→ Jurisdictions must participate in GE Fund to be eligible for grants from ED Fund
→ Over life of program, no jurisdiction contributes more to the GE Fund than it receives in grants from the ED Fund
PROJECTS AWARDED ED GRANTS SHOULD:

- Create jobs
- Enhance tax base
- Reduce interjurisdictional competition for economic development
- Help area economy compete successfully in national & international markets
- Have committed "end user"
- Be leveraged by private, non-profit, and/or other government monies
- Begin within six months of grant award and be completed within two years

STATISTICS - 1992

- 26 projects totaling $5,000,000
- Amount of leverage: $121,348,605
- Types of projects:
  - Study/Research - 10 projects or 38%
  - Transportation - 5 projects or 15%
  - Social - 4 projects or 15%
  - Tourism - 2 projects or 8%
  - Specific Industry - 2 projects or 8%
  - General Utilities - 2 projects or 8%
  - Industrial Park - 1 project or 4%
- Jobs:
  - Created 2 local jobs
  - Retained 8,150 basic jobs
  - Created 485 basic jobs
STATISTICS - 1993

⇒ 22 projects totaling $4,455,000
⇒ Amount of leverage: $17,624,508
⇒ Types of projects:
  ➤ Transportation - 5 projects or 22.7%
  ➤ Study/Research - 5 projects or 22.7%
  ➤ Specific Industry - 4 projects or 18.2%
  ➤ Social - 3 projects or 13.6%
  ➤ General Utilities - 3 projects or 13.6%
  ➤ Tourism - 1 project or 4.5%
  ➤ Industrial Park - 1 project or 4.5%
⇒ Jobs:
  ➤ Retained 244 local jobs
  ➤ Created 280 local jobs
  ➤ Retained 235 basic jobs
  ➤ Created 2,242 basic jobs

STATISTICS - 1994

⇒ 20 projects totaling $4,980,060
⇒ Amount of leverage: $59,113,560
⇒ Types of projects:
  ➤ Specific Industry - 6 projects or 30%
  ➤ General Utilities - 3 projects or 15%
  ➤ Study/Research - 4 projects or 20%
  ➤ Social - 3 projects or 15%
  ➤ Transportation - 2 projects or 10%
  ➤ Industrial Park - 2 projects or 10%
⇒ Jobs:
  ➤ Retained 4 local jobs
  ➤ Created 356 local jobs
  ➤ Retained 55,794 basic jobs
  ➤ Created 2,326 basic jobs
STATISTICS - 1995

- 31 projects totaling $4,609,076
- Amount of leverage: $22,254,476
- Types of projects:
  - Specific Industry - 10 projects or 32%
  - Study/Research - 9 projects or 29%
  - Transportation - 4 projects or 13%
  - Industrial Park - 3 projects or 10%
  - Tourism - 2 projects or 6%
  - General Utilities - 2 projects or 6%
  - Social - 1 project or 3%
- Jobs:
  - Retained 3,353 local jobs
  - Created 39 local jobs
  - Retained 579 basic jobs
  - Created 1,289 basic jobs

STATISTICS - 1996

- 22 projects totaling $5,488,587
- Amount of leverage: $122,034,149
- Type of projects:
  - Study/Research - 5 projects or 23%
  - Industrial Park - 2 projects or 9%
  - General Utilities - 1 project or 4.5%
  - Social - 1 project or 4.5%
  - Specific Industry - 13 projects or 59%
- Jobs:
  - Retained 54 local jobs
  - Created 160 local jobs
  - Retained 1,821 basic jobs
  - Created 5,739 basic jobs
STATISTICS - 1997

- 19 projects totaling $5,258,755
- Amount of leverage: $493,220,415
- Types of projects:
  - Study/Research - 7 projects or 37%
  - Industrial Park - 1 project or 5%
  - Specific Industry - 10 projects or 53%
  - Transportation - 1 project or 5%
- Jobs:
  - Created 310 local jobs
  - Retained 6,039 basic jobs
  - Created 2,781 basic jobs

SAMPLES OF FUNDED PROJECTS

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<tr>
<th>JURISDICTION</th>
<th>PROJECT NAME</th>
<th>FUNDS AWARDED</th>
<th># OF JOBS</th>
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<td>Miamisburg</td>
<td>GM Truck &amp; Bus Plant Clear Coat Paint Facility</td>
<td>$1,425,000</td>
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<td>Kettering</td>
<td>Victoria's Secret</td>
<td>$600,000</td>
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<td>Dayton</td>
<td>Postal Encoding Facility</td>
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<td>Kettering</td>
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<td>Regional Eileen Technology Incubator</td>
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<td>Centerville</td>
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## GOVERNMENT EQUITY GAINS AND LOSSES

### 1993-1999 COMPARISON

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<td>(18,587)</td>
<td>(95,337)</td>
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Report of the
Montgomery County Arts and Cultural District Board

Future Funding Committee

May 28, 1998
Report of the
Montgomery County Arts and Cultural District Board
Future Funding Committee
May 28, 1998

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<td>Future Funding Committee</td>
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<td>III.</td>
<td>Meetings and Work of the Future Funding Committee</td>
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<td>IV.</td>
<td>Findings and Recommendations</td>
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<tr>
<td>V.</td>
<td>Conclusions</td>
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<tr>
<td>VI.</td>
<td>Exhibits A, B, C, D and E</td>
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Report of the
Montgomery County Arts and Cultural District Board
Future Funding Committee
May 28, 1998

I. BACKGROUND

In 1980, The Dayton-Miami Valley Regional Arts and Cultural District was created. The original member jurisdictions included the cities of Centerville, Dayton, Trotwood, Kettering, Vandalia, West Carrollton, Oakwood along with Montgomery County (see EXHIBIT A). A “sunset” clause in the original incorporating resolution stipulated that the District ceased to exist in five years unless if “by such a date a tax levy shall have been authorized by the qualified electors...” In 1985, the member jurisdictions amended the resolution to extend the existence of the District until 1990.

The District, during the early years of its existence, met primarily to discuss the potential of developing a strategy for placing a tax levy on the ballot. This levy would support the purposes of the District and provide a permanent source of revenue for arts and cultural organizations within the boundaries of the district. The realization of this goal did not occur and for several years, the District’s activities were limited.

In 1987, a citizen’s committee of sixty-seven members was appointed by the Montgomery County Commission to review the County’s financial situation. The committee recommended that additional revenue to support general fund operations was needed. It was also recommended that several key community initiatives should be supported, including “Arts and Cultural Development.” In 1989, the Montgomery County Commission passed a one-half percent sales tax increase. For the first ten years of that tax, one million dollars annually was designated for arts and culture. An ad hoc advisory committee representing the Art Center Foundation, Dayton Area Chamber of Commerce, Dayton Business Committee, ArtsDayton, the Miami Valley Arts Council, and representatives of arts and cultural organizations was appointed to recommend short and long-term usage and allocation of these funds. With a name change from the earlier Dayton-Miami Valley Regional Arts and Cultural District, the “Montgomery County Arts and Cultural District” was established to act as the conduit for these funds and to develop a mechanism for fund distribution.

It was agreed that for the first three years, approximately two-thirds of the one million dollar annual allocation would be contributed to assist in the renovation of the Metropolitan Arts Center, with the remaining dollars supporting arts and cultural organizations historically funded by Montgomery County. Beginning in 1993, the entire one million dollars annually was made available.

The District continues to act as a partner with Culture Works, the private, non-profit organization which funds local artists and cultural organizations, and other local organizations interested in shaping
public cultural policies and programming to strengthen the area's cultural resources. EXHIBIT B is a listing of those recipients of County funding via the work of the Montgomery County Arts and Cultural District.

Although the sales tax levy was permanent, no commitments exist beyond the current 10 year life of the arts and cultural initiative established in 1989. At the direction of the Montgomery County Arts and Cultural District Board of Trustees, an ad hoc “Future Funding Committee” was created in October of 1997 in order to prepare a recommendation report for the future of County funding with respect to arts and cultural activities.

This report represents a summary of the Future Funding Committee's work, findings and recommendations from its efforts.

II. FUTURE FUNDING COMMITTEE

The Future Funding Committee is comprised of a number of the members of the Montgomery County Arts and Cultural District Board of Trustees (see EXHIBIT C). In addition to participation by the regular Committee members, input by the Allocations Committee of the MCACD Board of Trustees was obtained. Further discussion was solicited from a variety of Arts and Cultural groups including the major, large Arts groups (the Majors) and the Professional Roundtable. Also, public input was sought through a series of meetings in March, 1998 from any group or individual having an interest in the future County funding of arts and cultural activities.

The Future Funding Committee received further participation from Dr. Mary Ellen Mazey of Wright State University. Dr. Mazey was instrumental in facilitating the public meetings to gather input to the Committee's future funding investigative work. Her summary report of the meetings helped to provide valuable input to the Committee while it was formulating its overall findings and recommendations.

Ron Budzik, in his role as Secretary for the Second and Main Limited Partnership, provided input to the Committee regarding the ongoing work associated with the potential for a new Performing Arts Center at the site of the former Lazarus Building in Downtown Dayton. Previously, the Montgomery County Arts and Cultural District Board's Facilities Committee, chaired by Bob Kegerreis, had recommended the development of a new performing arts facility at that Second and Main site. With this input, the Future Funding Committee reviewed this Performing Arts Center capital project funding requirement as a part of its activities.

Lastly, the Future Funding Committee gained insight to the County funding process through the input of its staff liaison, Judy Mott and County Administrator Debbie Feldman. Their assistance served to provide a good historical perspective of County Arts and Culture funding while offering a foundation for guidance of the Committee's work over the past seven months.
III. MEETINGS AND WORK OF THE FUTURE FUNDING COMMITTEE

As an advocate of the funding activities of Montgomery County with respect to Arts and Culture, the Future Funding Committee was charged with establishing its own objective and goal, in part to help insure the continued success of the MCACD. Therefore, the Future Funding Committee’s objective and goal was articulated as follows:

“OBJECTIVE - To provide compelling input to the Montgomery County General Fund Financial Planning Committee and ultimately to the Montgomery County Commission such that future County funding for arts and cultural activities shall be secured (and increased from present levels) for the period 2000 to 2010.”

“GOAL - To provide the Montgomery County Commission with a clear picture of the Montgomery County Arts and Cultural District funding needs along with recommendations for possible funding structure(s) for the first decade of the new century.”

During the course of its efforts, the Future Funding Committee conducted or participated in approximately 15 meetings over a seven month period. Detail relative to these meetings and their respective major agenda issues/results is reflected in EXHIBIT D and summarized as follows:

Meeting of November 26, 1997

* Reviewed history of County arts/cultural funding
* Discussion of Committee goals/objectives
* Establishment of future meeting topics and schedule for completion of Committee work

County Commission Update, December 10, 1997

* Informed the Commission of the Committee formation
* Reviewed first meeting minutes
* Stated the Committee objective and goal
* Communicated Committee time line

Meeting of January 16, 1998 of the Cultural Roundtable to discuss future funding issues for possible input to the Future Funding Committee
Meeting of January 28, 1998 (Joint with the MCACD Allocations Committee)

* Address by Debbie Feldman, County Administrator
* Discussion of greater publicity with respect to the District’s story
* Brainstorming of current and potential funding categories:
  1. General operating support for the Majors
  2. Project Grants
  3. Artist’s Fellowships
  4. Impact Grants
  5. Capital Projects
  6. Administration (MCACD)
* Discussion of methods to solicit interested party input via open meetings

Meeting of February 9, 1998

* Discussion of open forum meetings; establishment of four (4) as the number of meetings
* Discussion of possible facilitators
* Review of invitation list(s), possibilities for publicity, and draft invitation

Meeting of February 25, 1998

* Meet and review with Dr. Mary Ellen Mazey the Committee’s thinking regarding the public forums
* Establish preliminary public forum schedule/agendas

Meeting of March 5, 1998 with Dr. Mazey to finalize public forum agendas

Meeting of March 9, 1998 (Public forum targeting small/medium sized arts/cultural organizations and recipients of special project grants)

Meeting of March 16, 1998 (Public forum targeting individual artists)

Meeting of March 18, 1998 - Discussion of a special issues and agenda for the upcoming Majors’ public forum

Meeting of March 23, 1998 (Public forum targeting the Majors and Cultural Roundtable organizations)
Meeting of March 30, 1998 (Public forum targeting the Community at-large)

April, 1998 - Preparation and Committee review of Dr. Mary Ellen Mazey’s “Summary Report of Input Received of Montgomery County’s Public Funding for Arts and Culture”

Meeting of May 1, 1998

* Meet and review with Ron Budzik (in his role as Secretary for the Second and Main Limited Partnership) the Second and Main Performing Arts Center development project; solicit input
* Discussion of arts and cultural capital projects, in general

Meeting of May 4, 1998

* Meet and review with Debbie Feldman all relevant County capital projects; solicit input
* Discussion of Committee recommendations
* Review draft outline of Future Funding Committee final report format/content

MCACD Executive Session, May 7, 1998, to discuss outline version of the Future Funding Committee Final Report for philosophical/content input

Beyond the specifically requested input to the Future Funding Committee, much consideration was given to information and opinions received as a part of the public forum meetings conducted during March, 1998. In her role as facilitator, Dr. Mary Ellen Mazey posed four basic questions to the forum participants. They were:

1. What are the benefits of Montgomery County’s public funding for arts and culture?

2. What are the disadvantages/weaknesses to this funding?

3. What improvements could be made to Montgomery County’s funding to arts and culture?

4. Are there major changes you would recommend to Montgomery County’s funding for arts and culture?
In addition, Dr. Mazey solicited input from the major Arts groups (the Majors) during their focused session centering around four supplementary questions, including:

1. How would you evaluate the current funding model used by the Montgomery County Arts and Cultural District?

2. Are there inequities in the model?

3. Are there suggestions you would make in changing the funding model?

4. Are there better ways/means to promote yourselves as a group?

Dr. Mazey's report entitled, "Summary Report of Input Received of Montgomery County's Public Funding for Arts and Culture" appears as EXHIBIT E and is summarized as part of this report via the Future Funding Committee Findings and Recommendations.

FINDINGS AND RECOMMENDATIONS

Based upon the meetings and the work of the Future Funding Committee, the following findings and recommendations are respectfully submitted for consideration by the Montgomery County General Fund Financial Planning Committee and the Montgomery County Commission.

**FINDING (1)** The MCACD provides many benefits including a multiplier impact to the region, both economically and artistically, far beyond what would be expected for a community of this population size.

**FINDING (2)** More diversity has been brought to arts and culture in the region due to the efforts of the MCACD.

**FINDING (3)** There is widespread support for regional participation for arts/cultural activities through increased County funding and additional private participation via Culture Works.

**FINDING (4)** The current funding model is fair and rational, but may be modified somewhat in the future. Greater exposure and publicity for funding is necessary and desirable.

**FINDING (5)** There is a need for increased County funding for arts and cultural activities both in terms of overall allocated dollars and percentage allocation to the Majors (as much as 3-5 times the current level of funding).
FINDING (6) Based upon past analysis including extensive study by the MCACD Facilities Committee, other supporting organizations and the Future Funding Committee, it was concluded that there is a need to provide County funding for capital-based projects involving arts and culture.

FINDING (7) In terms of both funding and use, there is a need to re-evaluate and redefine the role of Memorial Hall as it relates to arts and cultural activities.

RECOMMENDATION (1)

Through a task committee of the MCACD, investigate possible inter-County participation for funding beyond that of Montgomery County for greater regional public financial support of arts and culture; through Culture Works, continue to broaden private regional support.

RECOMMENDATION (2)

Through the MCACD Board of Trustees, direct County arts and cultural funding toward three primary operating categories of use including:

1. Funding support for the Majors
2. Funding support for small and emerging groups and individual artists
3. Administration

(see also RECOMMENDATION (5))

RECOMMENDATION (3)

Direct the MCACD Board of Trustees to create and administer a “Capital Project” funding category, separate from and in addition to its three primary operating categories (above). This category would initially be focused
on funding a new Performing Arts Center as a part of the Second and Main Project but could also be expanded to include any other capital expenditure allocation(s) established by recommendation of the Montgomery County General Fund Financial Planning Committee and/or direction by the Montgomery County Commission (see also RECOMMENDATION (7)).

RECOMMENDATION (4)

Improve communication and visibility for the County funding process via a promotional video, sample packet of materials, additional media exposure of grant recipient listings, and a new Performing Arts Center. Consider holding more events in which County Commissioners can interface with grant recipients following completion of the MCACD evaluation/selection process.

RECOMMENDATION (5)

Extend and increase the existing County funding of the MCACD primary operating categories (see RECOMMENDATION (2), above) for an additional ten years to $2.25 Million beginning in Year 1 and increasing annually at a rate equal to the percentage value established for the overall County budget (e.g. at an approximate 3% increase per year, the funding scenario is as follows: Year 1 - $2.25M; Year 2 - $2.32M; Year 3 - $2.39M; Year 4 - $2.46M; Year 5 - $2.53M; Year 6 - $2.61M; Year 7 - $2.69M; Year 8 - $2.77M; Year 9 - $2.85M; Year 10 - $3.00M).

RECOMMENDATION (6)

Continue to evaluate and potentially modify the existing funding structure with the objective of increasing the overall percentage allocation to the Majors via an increase in total County funding.
RECOMMENDATION (7)

Provide funding to the MCACD for a newly created and administered “Capital Project” category, separate from and in addition to its three primary operating categories (see RECOMMENDATION (3), above) for a period of ten years at an amount equal to at least $1.25 Million per year ($12.5 Million over the ten years) to fund a new Performing Arts Center as a part of the Second and Main Project. Should any other additional capital expenditure allocation(s) be established for administration by the MCACD, additional funding would be necessary.

RECOMMENDATION (8)

Through an ad hoc County task committee with assistance from the MCACD, re-evaluate and redefine the role of Memorial Hall as it relates to arts and cultural activities.

CONCLUSIONS

The Future Funding Committee wishes to express its thanks to the Montgomery County Arts and Cultural District Board of Trustees, the Board of County Commissioners, the other elected officials and their staffs for providing the opportunity and encouragement to probe the financial future of arts and cultural funding in Montgomery County. The findings and recommendations of this Committee were developed with the support and cooperation of many groups and individuals who care deeply about the future of arts and culture in our community.

With the full support of the Montgomery County Arts and Cultural District Board of Trustees, the Future Funding Committee respectfully requests that the Montgomery County General Fund Financial Planning Committee and the Montgomery County Commission, in a reasonable period of time, review this report and provide a written response to its recommendations advocating implementation.

Respectfully submitted this 28th day of May, 1998 by

THE FUTURE FUNDING COMMITTEE

Mr. William J. Roess, Chairman

Ms. Lou Mason

Ms. Mary Mathews

Mr. Bing Davis

Ms. Darlene Gutmann
January 9, 1996

Project No. 9596-92

Economic Impact of the Montgomery County Arts and Cultural District

Prepared for:

Judy Mott
Montgomery County Regional Arts and Cultural District

Prepared by:

Richard D. Stock, Ph.D.
Senior Research Associate
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APPENDIX
Table One
I. Introduction

The University of Dayton's Center for Business and Economic Research (CBER) performed research in support of the Board of Trustees of the Montgomery County Regional Arts District in its study of the economic impact of the Montgomery County Regional Arts and Cultural District (MCRACD). The research quantifies the aggregate economic impact of the county of MCRACD expenditures.

The objectives of the study were to:

- Quantify the aggregate economic impact on Montgomery County of MCRACD expenditures over the 1990-1995 period.
- Quantify the present value of future economic activity in Montgomery County that can be attributed to MCRACD project grants and support.
- Assess the economic contribution of MCRACD funds to the continued viability of the central business district.

The methodology for the research project is laid out in the next section. The following sections detail by category of MCRACD expenditure the aggregate economic impact and the impact on the central business district.

II. Methodology

An economic impact study attempts to quantify the economic consequences in jobs and income of a particular firm, organization or activity. The basic question can be stated as a counterfactual: What economic activities (production, firms, jobs, incomes) would not occur if this organization did not exist or if its expenditures are curtailed? The study seeks to answer that basic question for the Montgomery County Regional Arts and Cultural District. To do that, organizations and individuals who benefited from MCRACD General Operating Support Grants, Project Grants, Emergency Grants, or Grants to Individuals were asked to trace the impact on their organizations of the MCRACD funds in some detail.

Four questions were pursued with each organization.

1. Did MCRACD funds allow the organization to obtain additional funds (from sources outside the county) the organization would otherwise not have obtained?

2. To what degree were the MCRACD and leveraged funds used to purchase resources (labor, goods and services) from within Montgomery County?
3. Did the activities of the sponsored organization tied to the MCRACD funds cause additional expenditures in Montgomery County and the Central Business District that would otherwise not have occurred?

4. Did the funds provided by MCRACD represent investment funds that precipitated growth in the organization’s operating income or scale of activities?

Responses to these four questions dictate the aggregate economic impact the MCRACD funds have had for Montgomery County. Question one captures a peculiar feature of local spending on the arts. The special nature of money for the arts is the potential to pull in significant additional resources from outside the county that would otherwise not have come in. State and federal art programs often require a local match. Some national private foundations look at the degree of local support when judging the legitimacy of arts organizations. When county funds can be reliably credited as responsible for leveraging these out of county funds, any local spending multiplier is applied to the sum of the MCRACD funds and the funds from outside of county.

Answers to questions two and three above dictate the size of the spending multiplier. Additional expenditures are typically associated with artistic performances and visits. While most performances are not tied to overnight stays in the county, most performances are reliably tied to dining out. For example, approximately 47,000 tickets are sold a year to various Dayton Philharmonic performances. Survey data suggests 43% of those tickets are associated with a dining out experience at the same time. Fifteen percent of the tickets sold (7,050 approximately) are sold to out of county residents. This implies approximately 3,000 dine outs in the county from out of county residents annually that would otherwise not have occurred. Notice that it might not be appropriate to attribute the dining out expenditures of in county residents to the arts performance because that expenditure might well have occurred in the county anyway. For an ordinary economic activity in a county the size of Montgomery, the local spending multiplier is only 1.4; with the associated expenditures that often occur with artistic performances, this multiplier might rise to 1.7. The additional impact is moderated by the small proportion of out of county residents who are pulled in. For special events that pull in a much higher percentage of out of county visitors (Degas and the National Folk Festival, for example) and increase the potential for overnight stays (the National Folk Festival), the local spending multipliers can be much higher. In this paper, the 1.4 local spending multiplier is used for grants that are primarily tied to educational and non-performance activities (based on interviews) while the 1.7 multiplier is reserved for grants associated with performances that draw a larger audience with some out of county attraction. In a few cases, where circumstances and data justify it, a larger spending multiplier is utilized.

The economic impacts characterized so far are short term in nature. Out of the revenues/operating support they receive, arts organizations and firms who generate additional expenditures associated with artistic performances (restaurants, hotels, stores, etc.) pay their employees and suppliers who in turn purchase additional commodities. The effects within the county are quickly attenuated because most goods purchased by employees have most of their
value added outside of the county. The final potential economic impact arts funding can have is far more potent. If a grant allows an organization to develop a program that becomes self-sustaining and generates ongoing cash flow for the organization (question four), the economic impact persists through multiple periods rather than being a one time event. Because this report analyzes six years of operating support funds and only the first three years of grant support, one would not expect many events of this type. However, when such an event occurs, the true economic impact is (conservatively) the present value of the future income stream associated with that continuing program; this ignores the leveraged funds and additional spending generated each time period by the new income stream. One example of such a program initiated with MCRACD grant money is DCDC’s Elementary Dance Education program.

In the following sections, the aggregate economic impact is analyzed separately for the Annual Distributions, the Grant Programs and the Institution Building activities of the MCRACD fund. In the first two cases, the nature of the questions remains the same, while for the third section a slightly different approach must be pursued. After considering the quantitative impacts of each type of funds, we turn to a consideration of the impact on Downtown Dayton and some qualitative economic impact aspects.

III. The Annual Operating Support Distribution

Introduction: A significant portion of MCRACD funds represented a continued commitment by the county to some major art and cultural institutions (see Table One and Appendix Table One). For each of these organizations, the county funds represent a small (1% to 2% with two exceptions) share of their annual gross operating support. One could well imagine each of the organizations surviving quite well without county support. On the other hand, for the Muse Machine, the Human Race Theatre and Dayton Public Radio significant amounts of support from outside the county are tied to demonstrations of support from within the county. To summarize what follows, MCRACD operating support of three million dollars:

- precipitated an additional $390,804 from sources outside the county;
- bolstered the long term stability of the Muse Machine and City Folk;
- fostered the growth of the Human Race Theatre Company and WDPR;
- has had an extraordinary impact on the role the major arts organizations play in the education of Montgomery County students; and
- had an aggregate quantitative economic impact of at least $5,811,115.

Linkage to Out of County Funding: For many of the larger sponsored organizations, the county funds were seen as peripheral to outside funding from public and private donors. Private donors hardly ever ask about public funds per se, although given the thoroughness of presentations to large private donors, they are perfectly aware of the public support. Both state and federal funds have as a criteria that organizations demonstrate the "breadth of local support" for their activities. However, the larger organizations felt they would receive the state and
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<td></td>
<td></td>
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<td><strong>$ 5,811,115</strong></td>
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# Aggregate Economic Impact equals (MCRACD funds + Leveraged Funds) * 1.7 Spending Multiplier
* Average General Operating Support based on 1993-1994
federal dollars they receive without the county's money because the outlays are tied to artistic merit and are often formulaic.

For some of the smaller organizations that received operating support, the county money was ultimately the equivalent of "the Good Housekeeping Seal of Approval". The county funds helped to legitimate the organizations in the eyes of other public donors. For these organizations, the county money has a much more potent economic effect because it is crucial to the leverage effort. For example, MCRACD funds became the catalyst that helped WDPR receive outside funding they would not otherwise receive. They started receiving increased funds from the State of Ohio (Ohio Educational Broadcasting Network Commission) after they were visited in their new downtown facilities, which they would not have been able to rent without MCRACD help.

**Long Term Investment Component:** At least five of the organizations that received operating support have essentially either grown or survived as a result of the county funding. The precise impact and degree of importance varies from organization to organization and in this report no attempt is made to suggest the present value of the increased stability or growth associated with MCRACD operating support. As a consequence, the reported aggregate economic impact understates the long term impact of the MCRACD funds.

**Montgomery County Historical Society:** The money for the historical society represents approximately 11.5% of its budget in a given year. However, because of its unrestricted nature, it is used to help generate additional programmatic resources that would not otherwise exist.

**The Muse Machine:** The Muse Machine is a uniquely Dayton institution originated along with the Human Race Theatre by Suzy Bassani in the mid 1980s. As with the Human Race Theatre, the organization has survived the departure of its founder and found a niche that allows it to leverage resources from inside Dayton with sources from outside Dayton.

Essentially, the Muse Machine functions as a profitable part of the educational outreach efforts of some of the principal performance organizations by connecting up with teachers in many of the area high schools who participate in tickets sales to interested high school students. At the same time it helps to draw talented young performers into Dayton from around the Miami Valley as part of its annual student musical production. Finally, through its Muse Adventure program in the elementary years it pulls artists out into the schools.

The county money, by demonstrating the local community's commitment to the arts, is one of the key factors in attracting Ohio Arts Council money to the Muse Machine. Lorna Dawes of Muse Machine is convinced the show of cooperation between the Dayton arts organization allows Dayton to draw a bigger share of the OAC funds than Dayton would otherwise receive.

**Human Race Theatre Company:** At crucial points in the growth of the Human Race Theatre Company, the county funding has been important in the Company taking certain risks. As an example, the Company's decision to pay at professional rates for professional acting talent would not have been made without the knowledge that the county funds were there. That decision in turn, has increased the Human Race's competitiveness for various other types of
grants that are based on artistic merit, including Ohio Arts Council funding. Ultimately, the continued existence of a professional theatre company in Dayton is closely tied to the MCRACD.

Of particular interest is the profitable use of educational outreach by the Human Race Theatre Company. Human Race has essentially developed educational outreach programs that are a source of income—"a business within a business".

**CityFolk:** Operating support dollars have enabled CityFolk to retain some key staff members by offering some health benefits and paid vacations that otherwise would have been too risky to offer. Retention of talented staff has been key to the success CityFolk has enjoyed in writing and getting outside grant support. While a discussion of those grants is reserved for the section where the associated MCRACD grants are discussed, it should be noted here that MCRACD operating support was probably as important as the MCRACD grants in helping CityFolk attract the outside funding. CityFolk is a much larger organization today, partially because MCRACD exists.

**WDPR:** The move to the Metropolitan Arts Center downtown, precipitated by MCRACD operating support funds and the linkage to WDGP and WYSO (precipitated by MCRACD grants) allowed WDPR to cover a wider area with fine arts programming tied to downtown Dayton arts organizations. Further, its move to more prestigious quarters helped precipitate additional funding from the Ohio Educational Broadcasting Network Commission.

**Educational and Cultural Impact:** As noted in the introduction to this section, many of the larger organizations are inclined, (if forced to contemplate what they would do without the county funds) to consider cutting the educational component of their programming. The basic rationale is twofold. First, it is the area where costs are incurred with little hope of short term profit generation. Second, there is the moral sense that one should use public funds for public purposes such as education.

While it is difficult to quantify the long term economic impact of decreasing the educational outreach of the premier arts organizations in Montgomery County, this section attempts to suggest the depth of the toll by enumerating the programs that would be affected.

**Dayton Philharmonic:** The orchestra has an extensive educational program with which they can afford to lose money because the MCRACD funds are there to supplement the budget. Curtis Long estimates that there is a $100,000 loss for outreach per year, mainly due to payroll expenses. If they had to choose what to cut if the MCRACD funds were not available, the educational ensemble performances would be cut. These performances effect 35,000 children from a fifteen county radius.

**Dayton Art Institute:** Educational Outreach is the area where cuts would likely be made if the MCRACD operating support funds disappeared.

**Victoria Theatre:** The Victoria Theater runs Programs of Conscience for the community (for example: The Boys Choir of Harlem). Students who cannot financially afford to attend the
programs receive scholarships from the theater; these are awarded on a case by case basis and can be given individually or to entire groups at a time. Since the 1990-91 season, there has been an estimated $700,000 worth of scholarships awarded. Even though MCRACD money is not specifically assigned to one area, the scholarship program would be a logical candidate to take a cut if MCRACD funds were unavailable.

**Greater Dayton Public Television**: MCRACD was the primary source of funds for *Culture Shock*, which produced over seventy programs from 1991 to 1994. MCRACD money helps to support performances by the Dayton Philharmonic, the Community Billboard, programming about the History of Dayton, and programming involving the Appalachian Community.

**The Dayton Museum of Natural History**: The museum has an outreach program for the schools; second, fourth, fifth, and sixth graders from Dayton Public Schools visit the museum twice a year. Schools receive a reduced rate when planning trips to the museum; a package which only costs 40% of what normal rates are. It is the only chance some kids get to come to the museum and David Ruffer points out that if he had to account for where the MCRACD funds go, he would classify the funds as money for the schools. If they did not receive money from the MCRACD, the school discount program would still exist, but probably not at a 40% rate, even though the funds are never specifically marked for the school programs.

**Dayton Ballet**: Annual education program outreach costs approximately $30,000 in salaries. Somewhere between 15,000 and 18,000 students are reached annually. This is the area where cuts are likely.

**Dayton Opera**: Mr. Stuhlreyer believes education outreach is the least direct way to enhance audience size and there is no way to prove a correlation between introducing opera to youngsters and their patronage in their adult years. "Once you've cut all you can, then you come back and say what activities are totally expendable". Mr. Stuhlreyer believes the educational outreach programs are the logical candidates. Currently, the Opera Association spends between sixty to seventy thousand dollars on educational programs. Losing the county money would essentially cut those programs in half.

**Dayton Contemporary Dance Company**: Two ways to look at the impact were suggested: 1) Four hundred memberships would be required to replace the MCRACD operating support; and 2) Twenty dancers would not be paid for two weeks of work. This extends the lay off period and the dancers could choose to go on unemployment. All of the DCDC dancers live within Montgomery County.

**Summary of Economic Impact of MCRACD Annual Distributions**

There are a multitude of different ways the arts organizations would cope with the disappearance of public funds and a multitude of ways in which they have used public funds to grow and/or stabilize the organization. The estimated short term aggregate impact of the MCRACD funds is $5,811,115 (see Table One). This value is based on a 1.7 multiplier because
the arts organizations are primarily performance based. The value is conservative for two reasons. First, MCRACD funds are given credit only for leveraged funds that were directly tied to the MCRACD funds (as opposed to local support in general). Second, there is strong evidence that MCRACD funds helped to stabilize and/or grow several of the organizations. This investment function has a decided economic impact, but has not been quantified here.

IV. The Grants Program

Introduction and Summary of Impact: The MCRACD grants program represents an expansion and enlargement of funds that had been funneled through the Miami Valley Arts Council in 1990-92. The $876,796 spent on grants in the 1993-1995 period resulted in the following:

- Precipitated at least $802,005 in additional funds from sources outside the county.
- Helped establish DVAC as a viable center for visual artists and Dayton as a destination for those in the market for visual arts.
- Was crucial to CityFolks' successful effort to bring the National Folk Festival to Dayton and the Dayton Stories project
- Provided the critical proof of concept funds for successful youth theatre programs in Vandalia and Washington Township and DCDC's Elementary Dance Education program.
- Provided critical early support for DAI's successful effort to bring the Degas show to Dayton.
- Had an aggregate economic impact of at least $3,600,000.

Linkage to Out of County Funding: For many of the smaller organizations the MCRACD funds represented the sole funds for a particular program or activity (see Table Two). But, in several instances, MCRACD funds proved vital as seed money to pull in additional outside funds. While this infrequently occurs, the leveraging power when it does is dramatic and provides strong justification for the overall program. Following are some examples:

CityFolk: The long term impact of grants to City Folk that helped to capture the National Folk Festival for three years can not yet be calculated. In Table Two, the count is based simply on the amount of funds leveraged from outside the county and applying the standard multiplier (1.7) when a performance is involved. The true multiplier is certainly greater because the Folk Festival will create much more overnight and multiple day business than a standard performance would. CityFolk has experienced a great deal of success in leveraging funds on two other projects, (Dayton Stories and Jazz Education) as well.

Celebration Dayton 96: The MCRACD funding challenged Greene County to match Montgomery County because the events were tied to both counties. For the entire CD '96 project, Greene County gave a total of $70,000. That money would not have been given
<table>
<thead>
<tr>
<th>Grant Recipients</th>
<th>MCRACD Grant</th>
<th>Leveraged Funds</th>
<th>Aggregate Impact</th>
<th>Multiplier Used</th>
<th>Qualitative Investment Payoffs</th>
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<td>Dayton Art Institute</td>
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<td>(Music, Words, Opera and other Ed grants)</td>
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Page 1 of 3
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<td>Liederkranz Turner</td>
<td>$ 1,632</td>
<td></td>
<td>$ 2,285</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Kettering Youth Ballet</td>
<td>$ 1,400</td>
<td></td>
<td>$ 560</td>
<td>0.4</td>
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</tr>
<tr>
<td>Sulphur Grove</td>
<td>$ 1,000</td>
<td></td>
<td>$ 1,400</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Jewish Federation of Greater Dayton</td>
<td>$ 700</td>
<td></td>
<td>$ 980</td>
<td>1.4</td>
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<tr>
<td>Dayton View Triage Federation</td>
<td>$ 546</td>
<td></td>
<td>$ 764</td>
<td>1.4</td>
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</tr>
<tr>
<td>Village of Clayton</td>
<td>$ 500</td>
<td></td>
<td>$ 850</td>
<td>1.7</td>
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<tr>
<td>Dayton Jewish Community</td>
<td>$ 450</td>
<td></td>
<td>$ 630</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Dayton Boys and Girls Club</td>
<td>$ 440</td>
<td></td>
<td>$ 616</td>
<td>1.4</td>
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<tr>
<td>Yellow Springs Writers Workshop</td>
<td>$ 400</td>
<td></td>
<td>$ 160</td>
<td>0.4</td>
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<tr>
<td>Grand Totals</td>
<td>$ 876,796</td>
<td>$ 802,005</td>
<td>$ 3,605,979</td>
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</tr>
</tbody>
</table>
without the MCRACD funding. For purposes of analysis, it is assumed Greene County would have cut its contribution in half.

**Celebrate the Arts, Fraze Pavilion:** This one day extravaganza, that brought many of the major arts organizations to an audience that would not ordinarily see them, pulled support from the Ohio Arts Council in both years. Without the MCRACD funds, OAC support would not have been forthcoming.

**Valerie Elementary School:** The MCRACD funds that Valerie received for their in school arts curriculum program was vital in pulling in a $125,000 State of Ohio grant. The bulk of these funds go to pay for artistic help from major Dayton performing arts companies.

**Long Term Investment Component:** For several organizations, MCRACD grants provided the startup funds for a “new business” venture that became self sustaining or performances or exhibitions that dramatically increased the organization’s credibility or exposure. Following are some examples:

**Dayton’s Children’s Museum:** In 1993 MCRACD was used to help start the Children’s Museum. Money helped pay for a part-time coordinator for the museum. Debbie Proud describes the funding from the MCRACD as an “affirmation that it [the Children’s Museum] was a good product.” The project organized was a holiday display to show the community the museum. It was held in the Arcade and was open to the public. An estimated 30,000 people visited within four weeks. The Natural History Museum heard about the Children’s Museum during these projects and approached them to offer a home in the Natural History Museum. The Children’s Museum is currently merged with the Dayton Museum of Natural History.

**Old North Dayton Neighborhood Association:** The MCRACD funding for the film “Three Families” not only allowed the film to be produced and allowed the Association to leverage other funds for film production; the film helped to legitimize the Neighborhood Association more generally when it went to funding agencies on other projects. The impact within Dayton can be imagined with this simple statistic: The Neon Movies have never had a line as long as the line waiting during the opening weekend showing of this film.

**The Washington Township Recreation Center:** Received $5,200 to begin a youth theater company in 1993. In 1992 they offered Youth Theater classes, but wanted to turn it into a company the following year. The project received in-kind funds from the recreation center. The MCRACD funds went to pay staff and to the purchasing of scripts. The theater company held three performances in 1993 and had up to thirty members in each cast. One or two theater classes were offered that year. The additional funding allowed them to take a bigger risk and not feel like they had to break even. By 1996, the company was performing four productions, had achieved staff expansion, and now offered seven to
eight classes. The risk taking allowed them to operate as a business, and the recreation center would not have taken the risk without the MCRACD funds in 1993.

Vandalia Youth Theatre: MCRACD funds were vital to the startup of the Vandalia Youth Theatre summer camp in its first year. The equipment purchased is still being used and is borrowed by other organizations as well. Vandalia has stepped up to the plate after their positive experience with the Youth Theatre’s participation in their summer festival that first year and contributes $2,000 a year in addition to springing for a portable stage.

The Puertorican Cultural Society: The Society has been in existence in Dayton since 1978. They were offered a chance through national contacts to sponsor Ballet Hispanico performances in Dayton in 1994. MCRACD funds were vital to leveraging the other funds required and renting the Northmont Theatre facility for the production. Without the MCRACD funds, the Puertorican Cultural Society would not have been able to take the risk of sponsorship. Taking the risk, and pulling it off built the prestige of the organization and its reputation for future cultural activities. The Ballet Hispanico did not play in Cincinnati.

Santa Clara Art District: MCRACD funds were used for an art exhibition scheduled to coincide with an Ohio Arts Council Convention in Dayton. The exhibition gave Santa Clara much greater exposure to a broader group with interests in the arts.

The Dayton Visual Arts Center: DVAC will be five years old in September. Their mission is to bring contemporary art to the community and have a community for the artists. DVAC has about 600 members; half are members of the general public and half are artists. The organization would not have started if the Montgomery County Regional Arts and Cultural District had not been there with a promise of support. DVAC took a leap of faith because the MCRACD was there and they thought there was a hope for a contemporary arts center in Dayton, Ohio. DVAC envisioned itself being a marketing tool and central focus for visual artists. It has, in fact, become as much an advocate for the artists as a marketing assistant.

Investment: Qualitative Considerations: Some grants have economic impacts that cannot be quantified but deepen an organization’s involvement and impact on the community. In this section are tallied some of those impacts.

WDPR: While WDPR’s move downtown has already been mentioned, what has not been mentioned is the increase in the quality of the station’s product associated with the move downtown. The move downtown allowed the station to interview visiting fine arts performers when they come for performances. The proximity to the performance spaces is the only thing that makes the interviews possible. This in turn goes a long way to validate WDPR’s push to be recognized as the fine arts voice of the Miami Valley.
Carillon Park: Carillon Park received grant funds for a project, ABC Center, which developed hands-on activities and encouraged repeat business to the museum. ABC Center is now a continuing part of the museum because the grant allowed staff to show the financial contribution such a center could have. A second grant for $3,300 was received for “The African American Experience in Dayton: The First Century”. This exhibit worked so well to bring more African Americans into the museum that it has been put back up in 1996 because of the number of requests. Both these projects have enhanced the museum’s long run viability. Since the museum has started charging for admission to protect the long term health of its endowment fund, satisfied customers are critical to encourage repeat business. Both projects have done precisely that.

Dayton Art Museum: When it came to funding the recent construction on the museum itself, at least a third of the funding came from outside the county. Donors need to understand the legitimacy of the organization. When national organizations, like the NEA, see local government support, it adds validity to donating to an organization. In a sense, the presence of public funds pushes individuals into giving.

Operafunatics: Arts organizations often are started by a very charismatic individual who attracts support. The departure of that charismatic individual often threatens the very survival of the organization because fundraising was an integral part of what they did. Funds that aid the organization while the remaining volunteers/members learn how to manage the organization in the absence of the founder can play a major role in creating arts organization stability. MCRACD funds played this role in the recent transition undergone by the Operafunatics organization. Essentially, the remaining members needed time to understand how to run the organization without the founder. Without this support, the organization might well have gone under.

Three projects stand out as indirectly benefiting the major arts organizations and downtown Dayton through their qualitative marketing impact. WDPR and Greater Dayton Public Television have been tireless promoters of the arts organizations in their programming. For WDPR, that constitutes one of their major missions. Greater Dayton Public Television reaches 15 counties; of their 23,000 paying members 10,000 are from outside Montgomery County. The arts programming and advertising of both organizations reaches people who would know very little of Dayton arts organizations otherwise. The third project that has an impact difficult to measure is the “What’s Up, Dayton?” phoneline and calendar/fax project initiated by the Downtown Dayton partnership with MCRACD grant funding. Both these projects are now funded by the Downtown Dayton Partnership because the demand for the service was so high. Without initial MCRACD support they would never have occurred.

More generally, a number of the grants given out served to bolster directly or indirectly the health of the major arts organizations. A number of the educational and performance related grants had either dollar flows to the major organizations for their parts in performance and educational work or reinforced the marketing of those organizations.
Summary of Economic Impact of MCRACD Grants

The overall economic impact of the $876,796 in MCRACD grants from 1993-1995 is estimated at $3,605,979; (see Table Two). The basic multiplier used alternates between 1.4 and 1.7 depending on whether a significant performance was tied to the grant. The large size of the overall impact is tied closely to the notion that serendipity happens when one is prepared. The grants enabled some organizations to leverage a significant amount of outside the county dollars. Further, and in unpredictable ways, the grants enabled some organizations to prove the financial viability of a particular artistic endeavor and continue the endeavor without further MCRACD assistance.

V. Institution Building: Hardware and Software

A third category of funds distributed by MCRACD could be viewed as an attempt to build a framework for arts activity, both physically (in the form of the Metropolitan Arts Center) and organizationally by financing the merger of the preeminent art support organizations, Arts Dayton and the Miami Valley Arts Council into the Miami Valley Cultural Alliance [Culture Works]) (see Table Three). To summarize what follows, MCRACD institution building support of $2,494,814:

- Leveraged 6.5 million dollars of additional city and state money to build the Metropolitan Arts Center.
- Financed the establishment of Culture Works through the merger of Arts Dayton and the Miami Valley Arts Council.
- Facilitated stronger cooperation among the arts organizations who located in the Metropolitan Arts Center.
- Allowed Culture Works to start functioning as a management and technical assistance provider to Montgomery County arts organizations.
- Had an aggregate economic impact of $12,592,740.

While the size of the economic impact is relatively large, the basic rationale for the expenditures had little to do with short run economic impacts and a great deal to do with increasing the long run visibility and stability of the arts in Montgomery County. In this section, we trace the beginnings of that impact. It must be clear however, that these particular funds were designed to influence the long run picture and our snapshot shot is taken early in that long run.

The Metropolitan Arts Center: The creation of a new home for the arts organizations became a reality when the Metropolitan Store building was remodeled to become the new Metropolitan Arts Center. The City of Dayton contributed two million dollars, Montgomery County gave two million dollars, and the state allotted approximately four and a half million. The funding from the county and the city were concurrently pledged, with each depending on the other. The state money was received because the city and county funding were already secured. The commitment
Table Three: The Economic Impact of MCRACD Institution Building, Hardware and Software

<table>
<thead>
<tr>
<th></th>
<th>MCRACD Funds</th>
<th>Leveraged Funds</th>
<th>Aggregate Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Arts Center Funding</td>
<td>$ 2,039,814</td>
<td>$ 6,500,000</td>
<td>$ 11,955,740</td>
</tr>
<tr>
<td>Miami Valley Cultural Alliance, 1994</td>
<td>$ 230,000</td>
<td></td>
<td>$ 322,000</td>
</tr>
<tr>
<td>Culture Works, 1995</td>
<td>$ 225,000</td>
<td></td>
<td>$ 315,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,494,814</strong></td>
<td><strong>$6,500,000</strong></td>
<td><strong>$12,592,740</strong></td>
</tr>
<tr>
<td>assuming a 1.4 spending multiplier</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
of funds from these two sources needed to occur before the state money would be awarded to help build the Metropolitan Arts Center.

The Metropolitan Arts Center enabled a number of arts organizations to come downtown or expand their space. The concentration of arts organizations has had two impacts. First, the concentration has given the arts a greater visibility in the Downtown area. That visibility provides the arts organizations with greater clout when they come to the various ‘tables’ where investments in future growth are determined. If the City of Dayton starts to consider, with greater seriousness, the role the arts can play in the reinvigoration of downtown, it will partially be because the Metropolitan Arts Center has increased the critical physical mass that says the arts are a business. Second, consolidation of various arts organizations in the Metropolitan Arts Center has spawned a number of different interactions between the various organizations that would have been more difficult to pull off if they had been in different buildings. Dayton Public Radio simply would not have been able to do a number of the things they have done on the air without that location. Interaction between the Muse Machine, DCDC, the Dayton Ballet, and the Human Race Theatre on various projects would have required far greater effort without the physical proximity the building provides.

Culture Works: The $455,000 spent to date financing the merger the merger of Arts Dayton and the Miami Valley Arts Council into the Miami Valley Cultural Alliance (Culture Works) is the essence of a long run investment. In the one-on-one interviews that form the core of the work involved in this research, arts organization administrator after arts organization administrator emphasized the diminishing funds available for operating support from their traditional channels of private donors. This implies the need to systematize the process by which private contributions to the arts are solicited and the need to strengthen the financial and income earning capabilities of the arts organizations. Culture Works is intended to serve both these functions: Aid in the systemization of private solicitation for the arts and aid the arts organizations in their efforts to more efficiently utilize the resources they garner. The second aspect has a subtext: For organizations that are just getting off the ground, Culture Works can serve as the equivalent of management and technical service providers (such as the U.S. Small Business Administration or various business incubator facilities) for small businesses. Since that process has just started, it is premature to judge the economic impact of Culture Works. In ten years, if Culture Works is successful, it will play a role in the arts community similar to the role played by the United Way among social service agencies.

That potential long term impact is suggested by what has occurred with some of the grants and technical assistance MCRACD has already provided to start up organizations. MCRACD funds get used both by established nonprofit art organizations and arts organizations and groups that are “on the edge” in terms of their long term financial and program viability. However, the more successful among these groups have in common entrepreneurial leaders who are constantly searching for ways to put their enterprises on a more solid financial footing. The entrepreneurial personality creates opportunities that others might miss and takes risks that others would forgo. One could write a history of the arts industry in Montgomery County that focused on the role of these individuals. In economic development, however, researchers are far more
concerned with explaining the conditions that allowed such entrepreneurs to prosper; potential entrepreneurs exist in every region.

MCRACD funds act as a venture capital fund for the arts. But in the process of venturing, more happens than just the creation of particular performances or exhibits or arts education activities. The people who carry out the ventures learn organizational and entrepreneurial skills that make them more effective as entrepreneurs. They learn how to leverage resources; they learn how to operate particular programs at greater profit for their organizations. But they learn because they have experienced some success. For every successful cultural entrepreneur in Montgomery County, there is some equally talented potential cultural entrepreneur in another county who is still trying to make things happen without gaining the human capital that can only be acquired in the doing of things. The MCRACD funds have helped to develop that core of cultural entrepreneurs that will benefit Montgomery County for quite some time.

The impact goes beyond its pure human capital effect. Many of the small organizations that received funds spoke of the emotional impact. Receiving a small amount of funds validated the intense volunteer efforts that were being put forth. Much of what happens culturally in Montgomery County is tied to unpaid volunteer effort. Periodic encouragement of that volunteer effort pays dividends over a much longer time horizon.

Further, the impact on cultural entrepreneurs goes beyond those who were successful applicants for MCRACD funds. In the process of getting groups to apply and leading them through the application process, technical assistance and encouragement were provided to a number of small organizations. While not all these groups are successful in the application process, the technical assistance provided can both validate and strengthen the organizations.

Summary of the Economic Impact of MCRACD Investment Funds

The 2.5 million dollars in MCRACD investment funds had an extraordinarily large impact of 12.6 million dollars, (see Table Three). The size of this impact is primarily due to the state and city funds leveraged by the county money. In this section it has been suggested that the short run economic impact, (despite its size), may be the least important long run aspect of the investment funds. The increased interaction between arts organizations brought about by physical proximity continues to enhance the vibrance of the arts in Montgomery County. Just as important, the consolidation of art support organizations into Culture Works has set the stage for a systematic approach to arts funding and stabilization in Montgomery County.
VI. The Economic Contribution of MCRACD Funds to Downtown Dayton.

This section confines its attention to the impact of MCRACD funds on Downtown Dayton. One might expect the impact to be substantial, simply because all but two of the major arts organizations that receive operating support are located downtown. For reasons that will be noted below, it would be inappropriate to attribute to MCRACD funds the full value of the arts organizations’ impact on downtown. Before restricting attention to the MCRACD funds however, a small attempt is made to consider the special impact on downtown of the arts organizations.

The Special Economic Role of Arts Organizations

Most businesses downtown do business just in the weekday daytime. The customers and employees they draw are only there on weekdays in the daytime. The presence of the arts organizations downtown has a twofold impact on downtown. First, they are businesses that hire employees who must come downtown to work during the day. Second, they are major destination points in the downtown area during the evening and on weekends. As such, they have a profoundly positive external effect on other downtown businesses both directly and indirectly. Directly, performances by the major arts organizations are often associated with a night on the town. People frequent downtown eating and drinking places on the night of performances. Indirectly, people’s experience when they come downtown for a performance leaves them more positively disposed toward downtown as a destination for other activities. As a consequence they are more likely to consider downtown as a destination even on nights when they are not contemplating an arts event. In summary, from a city and downtown perspective, the arts organizations are superb export industries. Their revenues come predominantly from outside the city and they draw customers to other downtown businesses who otherwise would be unlikely to come.

As an illustration, consider again the data from the Dayton Philharmonic surveys. Approximately 47,000 tickets are sold a year to various Dayton Philharmonic performances. Survey data suggests 20,000 (43%) of those tickets are associated with a dining out experience at the same time. If even 50% of those dining out experiences were downtown, that would imply 10,000 downtown meals annually associated with Dayton Philharmonic performances.

Impact of MCRACD Annual Distributions and Investment Funds on Downtown Dayton

As indicated in the prior sections, the arts organizations would continue to survive whether MCRACD funds are forthcoming or not. As a consequence, little of their overall impact on downtown should be attributed to the MCRACD funds. Instead, MCRACD annual distributions and leveraged funds are viewed as salary support for either performers or adjunct marketing/educational programming personnel when the personnel are located in the downtown area (see Table Four). Discussions with the relevant arts organization managers makes it clear that the salaries associated with these components could not be recovered elsewhere. Investment
Table Four: The Economic Impact of MCRACD Annual Distributions and Investment Funds on Downtown

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dayton Public TV</td>
<td>$ 569,779</td>
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<td>Yes</td>
<td>No</td>
<td>$ 626,757</td>
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<td>Dayton Art Institute</td>
<td>$ 350,011</td>
<td></td>
<td>Yes</td>
<td>No</td>
<td>$ 385,012</td>
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<td>Victoria Theatre</td>
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<td>No</td>
<td>$ 384,348</td>
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<td>Dayton Philharmonic</td>
<td>$ 329,743</td>
<td>Periodic</td>
<td>Yes</td>
<td>No</td>
<td>$ 362,717</td>
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<td>Mtg. Co. Historical Society</td>
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<td>No</td>
<td>Yes</td>
<td>$ 297,000</td>
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<td>Dayton Ballet</td>
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<td>$ 235,726</td>
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<td>Dayton Opera</td>
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<td>$ 220,158</td>
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<td>DCDC</td>
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<td>Muse Machine</td>
<td>$ 111,799</td>
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<td>Human Race Theatre Company</td>
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<td>Yes</td>
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<td>Yes</td>
<td>$ 219,404</td>
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<td>Metropolitan Arts Center Funding</td>
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<td>No</td>
<td>Yes</td>
<td>$ 9,393,795</td>
<td></td>
<td>Yes</td>
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<td>Miami Valley Cultural Alliance, 1994</td>
<td>$ 230,000</td>
<td></td>
<td>Yes</td>
<td>No</td>
<td>$ 253,000</td>
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<td>Yes</td>
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<tr>
<td>Culture Works, 1995</td>
<td>$ 225,000</td>
<td></td>
<td>Yes</td>
<td>No</td>
<td>$ 247,500</td>
<td></td>
<td>Yes</td>
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<td><strong>Total</strong></td>
<td><strong>$ 5,240,041</strong></td>
<td><strong>$ 6,890,804</strong></td>
<td></td>
<td></td>
<td><strong>$ 13,343,930</strong></td>
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</tr>
</tbody>
</table>

# Aggregate Economic Impact equals (MCRACD funds + Leveraged Funds) * 1.1 Spending Multiplier
funds for organizational development or construction of the Metropolitan Arts Center can be thought of in the same way. The multiplier applied (1.1) is relatively small because the central business district is relatively small. Most expenditures associated with these downtown jobs are likely to occur outside the downtown area, and so one would not expect an intense indirect impact on the downtown area from any single job.

**Investment Impact: Quantitative and Qualitative**

Beyond this direct tally of downtown salaries lost if MCRACD funds had not occurred, there were some downtown investments precipitated by MCRACD funds that have a sustaining long term impact. WDPR moved downtown because MCRACD funds made it possible to pay the rent. This precipitated in turn the move downtown by Radio Reading Services which was closely allied to WDPR. The economic impact: 8 full time jobs and 5,840 volunteer hours annually (186 volunteers in all) were brought downtown.

Downtown Dayton Partnership instituted two downtown event publicity forums with MCRACD funds: The What’s Up Downtown Newline (400 calls a month) and the What’s Up Downtown Calendar that goes out 6 times a year to 15,000 businesses and once a week by fax to 1,100 numbers. The Downtown Dayton Partnership continued both after the MCRACD funds demonstrated the fruitfulness of the forums.

**Economic Impact of Performances tied to MCRACD Funds**

Several of the performances associated with MCRACD grants in the 1993-1995 disbursements were associated with downtown performances (see Table Five). While the funds directly used for the grants were not necessarily dispersed downtown and some went to out of county artists, the external impact on downtown hotels/motels and restaurants was substantial. The size of that impact is calculated based on the expected overnight stays associated with different performances and the percentage of attendees who were expected to combine a performance with a dinner out downtown. The external effects on downtown are substantial. An estimated $647 thousand was probably earned by hotels/motels downtown and $402 thousand by downtown restaurants.

**Summary of Economic Impact of MCRACD Funds on Downtown**

The quantitative estimates provided above suggest that MCRACD funds leveraged substantial outside resources for downtown redevelopment and for downtown businesses. The overall impact of the MCRACD funds is more substantial than can be calculated in pure economic terms. The overall impact of MCRACD funds in stabilizing and growing arts organizations (discussed in prior sections) has special significance for downtown precisely because those arts organizations are downtown businesses. And most importantly, they are, for downtown, the elegant equivalent of a traditional export industry.
<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Nature of Event</th>
<th>Total number of participants</th>
<th>Overnight Potential</th>
<th>Monetary Value of Overnight Traffic</th>
<th>Dine Out Potential</th>
<th>Comments</th>
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</thead>
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<tr>
<td>First Night Dayton</td>
<td>New Year's party</td>
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<td>yes</td>
<td>$12,000</td>
<td>yes</td>
<td>$6,000</td>
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<td>African American Network</td>
<td>movie showing</td>
<td>75</td>
<td>no</td>
<td></td>
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<td>$75</td>
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<tr>
<td>Dayton Neighborhood Ball</td>
<td>dinner</td>
<td>300</td>
<td>no</td>
<td></td>
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<td>Dayton Black Cultural Festival</td>
<td>festival</td>
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<td>yes</td>
<td>$512</td>
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<td>$3,200</td>
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<td>Carillon</td>
<td>2 exhibits</td>
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<td>yes</td>
<td></td>
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<td>Children's Museum of Dayton</td>
<td>museum exhibit</td>
<td>10,000</td>
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<td>City Folk</td>
<td>National Folk Festival</td>
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<td>$300,000</td>
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<td>$180,000</td>
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<td>Dayton's Community Dance Partners</td>
<td>park event</td>
<td>100</td>
<td>no</td>
<td></td>
<td>yes</td>
<td>$240</td>
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<td>Dayton Art Institute</td>
<td>Degas exhibit</td>
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<td>Dayton Visual Arts Center</td>
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<td>Dayton Visual Arts Center</td>
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<td>Gem City Chorus</td>
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<td><strong>$647,312</strong></td>
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VII. Aggregate Economic Impact: A Summary

While the Montgomery County Regional Arts and Cultural District has been in existence only since 1990, its impact on the county has been immediate and pervasive. The $6.4$ million dollars spent from 1990 through 1995 had an aggregate economic impact of $22$ million dollars (see Table Five). The impact was immediate: the building of the Metropolitan Arts Center; intermediate: the National Folk Festival, Degas, the Ballet Hispanico; and long term: growth of Muse Machine, the Human Race Theatre Company, Dayton Visual Arts Center and CityFolk, establishment of the Washington Township and Vandalia Youth Theaters, and increased stability of DCDC. The yet to be realized impacts are tied closely to the long term health of the arts community in Montgomery County and their contribution to the long term economic and emotional health of the county as a whole.
<table>
<thead>
<tr>
<th>Description</th>
<th>MCRACD FUNDS</th>
<th>LEVERAGED FUNDS</th>
<th>AGGREGATE ECONOMIC IMPACT</th>
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<tr>
<td>Annual Operating Support to Major Arts Organizations, 1990-1995</td>
<td>$3,027,499</td>
<td>$390,804</td>
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<tr>
<td>Grants, 1993-1995</td>
<td>$876,796</td>
<td>$802,005</td>
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<td>Institution Building (Metropolitan Arts Center and Culture Works)</td>
<td>$2,494,814</td>
<td>$6,500,000</td>
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<td>TOTAL</td>
<td>$6,399,109</td>
<td>$7,692,809</td>
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APPENDIX
### Appendix Table One: MCRACD Annual Distributions for Operating Support, 1990-1995

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>Dayton Public TV</td>
<td>$73,666</td>
<td>$69,702</td>
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<td>Dayton Art Institute</td>
<td>$45,321</td>
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<td>Victoria Theatre</td>
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<td>$39,497</td>
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<td>Mtg. Co. Historical Society *</td>
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<td>$30,000</td>
<td>$30,000</td>
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<td>Dayton Ballet</td>
<td>$26,297</td>
<td>$24,597</td>
<td>$27,803</td>
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<td>Dayton Opera</td>
<td>$26,064</td>
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<td>$25,290</td>
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<td>Mus. Natural History</td>
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<td>DCDC</td>
<td>$18,851</td>
<td>$18,842</td>
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<tr>
<td>Muse Machine</td>
<td>$16,200</td>
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<td>Carillon Park</td>
<td>$12,367</td>
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<td>Human Race Theatre Company *</td>
<td>$13,616</td>
<td>$12,074</td>
<td>$11,554</td>
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<td>CityFolk *</td>
<td>$10,579</td>
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<td>Dayton Public Radio *</td>
<td>$8,676</td>
<td>$7,413</td>
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<td><strong>Total</strong></td>
<td>$411,996</td>
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* Average General Operating Support based on 1993-1994
Dayton
Economic Development
Summit
May 19, 1998
Leak • Goforth Co., LLC

Robert E. Leak, C.E.O.

- Graduated Duke Univ. & Univ. of Tenn., Geology
- Started in E.D. in 1959 NC & SC
- Leak • Goforth Co.
Bob C. Goforth

- Graduated UNC-Chapel Hill, Exec. Course Clemson Univ.
- Started in E.D. early 60's, Cherokee Indian Reservation
- The NC Regional Office then Director of E.D.
- Sirrine Engineers-Greenville, SC (now Jacobs Engineering)
- Leak • Goforth Co.
Consultant Defined:
“One who gives professional advice or services; expert.”

—Webster
Study Methodology

- In depth discussions with local and regional contacts.
- Discussions with government, university and business contacts in state of Ohio.
- Other Economic Development Consultants.
- Review of extensive demographic information reports and plans.
Principle Findings and Perceptions
Dayton & Montgomery County not sharing in state’s success

■ Ohio – The Miracle Grow Economy
➤"Since 1993, Ohio has ranked first or second in new facilities and expansions and first in overall business development performance so far in the 1990’s.” Conway Data

■ Dayton – The City of Dayton in Crisis
➤"If current trends continue, today’s employment base of 68,000 would drop to 42,000 by the year 2020. Today’s population of 175,000 could drop below 127,000” City of Dayton 20 / 20 Economic Dev. Comm.
Principle Findings and Perceptions
Dayton & Montgomery County not sharing in state's success

Montgomery County

- population peaked in 1970 at just over 600,000 people. After declining in the 1970's it has been relatively stable since 1980. Montgomery's County Socio-Economic Profile
PERCEPTION IS REALITY

—Author Unknown
Dayton Problems (Real)

- Outmigration
- Housing
- Decreasing jobs/Income
- Education/Training
- Development Sites
Dayton Problems (Perceived)

- Public Safety
- Too much overhead for size of population
- Business unfriendly
- Not a place where people want to live
Every mule thinks his load is the heaviest.

—Author Unknown
If you don’t know where you are going, you will wind up somewhere else.

—Yogi Berra
Problems with Organization

- Outsiders don’t know who to call for assistance.
- Every organization trying to win the deal.
- Easy to “finger point” at others for city’s decline.
- No clear cut agenda to bring everyone together for the food of the whole.
- Difficult to get focused business support.
- The city needs to be more of a regional player and the region needs to give the city more support.
- The Dayton region to outsiders is Dayton.
Pittsburgh Regional Alliance
PITTSBURGH, PENNSYLVANIA

- Formed by merging six groups
- Established in 1996
- Private sector board with two county commissioners
- Recruiting, retention, start-ups
- Staff of four
Charleston Regional Development Alliance – CHARLESTON, SOUTH CAROLINA

- Private – formed in 1995
- Established by three chambers & three counties
- Works on retention, expansion & attraction
- $1.7 billion investments since 1995
- 63 new facilities
- 7,500 new jobs
Greater Richmond Partnership
RICHMOND, VIRGINIA

- Public / Private – formed in 1994
- Three Counties – One City
- Four Public & Four Private Board Members
- Equal Public / Private Funding
- Staff of Eleven
Suggestions for Improvement

- Critical to the region's future – Turn around Dayton's decline
  - Organize behind one regional lead organization for policy and marketing.
  - Make Dayton the place people want to be and live.
    - Riverfront Development is high priority
    - Residence Development Corporation
    - Education Improvements
  - Streamline permitting process and become more business friendly.
Suggestions for Improvement (cont.)

- Develop as many sites in the city as possible but be willing to promote sites in region that provide a better fit.

- Use theme approaches in marketing.
  - Birthplace of Aviation
  - Tool Town
  - Other good things

- Use the 2003 celebration as Dayton's economic rebirth.

- Begin Planning Now.
Organize and execute around priorities.

—Stephen Covey
Practice niche marketing, look for markets that best match your assets. Competition is generally less intense in niche markets and your strong position will fend off intruders.

—Leak • Goforth
The secret to success in marketing is not claiming the lowest cost or the most incentives. It is in demonstrating value.

—Warren Buffett
Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed it’s the only thing that ever has.

—Margaret Mead
ECONOMIC DEVELOPMENT SUMMIT
May 19, 1998
8:00 a.m. until 12:00 noon
Sinclair Community College
Charity Early Auditorium

Minutes

Present: Mike Adler Moto Photo
Merv Alphonso KeyBank
Ed Bentley Deloitte & Touche
Marc Betts Business Advisor
Tom Black Montgomery County
David Bohardt Home Builders Association of Dayton
Jim Bohman Dayton Daily News
Gary Brown* Channel 7
Nancy Brown Dayton Board of Education
Steve Budd CityWide Development Corporation
Vincent M. Corrado Shook, Inc.
Charles Curran Montgomery County
Susanne Daily Montgomery County
John Danis Danis Building
Morgan Davis J. S. Davis
James Dinneen Montgomery County
Jeanne Eickman Miami Valley Hospital
Jeff Epton Dayton Voice
Mike Enwin Wright Health
Deborah Feldman Montgomery County
Dick Ferguson University of Dayton
Marni Flagel County Corp
James Francis CH2M Hill
JoAnn Fritz Jefferson Township Trustee
John Garland Central State University
William Gillispie City of Dayton
Darryl Gosnell Miami Valley Economic Development Coalition
Ernie Green Montgomery - EGI
Dusty Hall City of Dayton
Jon Hazleton CityWide Development Corporation
Allen Hill Dayton Power & Light Company
Kathy Hollingsworth National City Bank
Jon Husted Chamber of Commerce
Ann Johnson Montgomery County
Elaine Johnson Montgomery County
Freddie Jones Action & Associates
Mary Karr National Cash Register
Nora Lake Miami Valley Regional Planning Commission
<table>
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<tr>
<th>Name</th>
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<tr>
<td>Steve Lake</td>
<td>Dayton Power &amp; Light Company</td>
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<td>Robert Leak</td>
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<td>Bernard Leigh, Sr.</td>
<td>Madden Construction</td>
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<td>Valerie Lemmie</td>
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<td>Daniel Lenckos</td>
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<td>Lloyd Lewis</td>
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<td>Don Lucas</td>
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<td>Doug Mangen</td>
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<td>Richard Martin</td>
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<td>Tom Moser</td>
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<td>David Ponitz</td>
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<td>Len Roberts</td>
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<td>Ron Wine</td>
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</tr>
<tr>
<td>Kym Yahn</td>
<td>Bank One</td>
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</table>

Dr. David Ponitz started the meeting by asking participants to introduce themselves. After
introductions were completed, Mayor Michael Turner and Commissioner Charles Curran were asked to give the welcome and background.

Mayor Turner explained that we have very exciting things that are happening in our communities, and as the City and County join to work together many accomplishments can be made. His first analogy was the "four legged stool". If we are to stand together we need our residents, city, county, and businesses. On this base we can build a city and economy that will prosper. The second analogy was "Grab a Stone" which was based on his visit to Bosnia. In Bosnia was a small city where everyone that passed through brought a stone or brick to be used to build the city. The people there used the term "we" built this city. This is the kind of excitement and accomplishment level that the city and county should share. We should ask, Have we looked for everyone in the community to "grab a stone"? With this approach Dayton can become a world-class city.

Mayor Turner noted that there is a renaissance occurring in the city. He referenced the tremendous rebuilding activity that is occurring in Dayton's inner ring historic neighborhoods like McPherson, Town, Oregon, Grafton Hill, Dayton View, Wright Dunbar, St. Anne's Hill, Huffman and South Park. Five to ten years ago, these neighborhoods were stagnant and in general disrepair, while today they are experiencing significant new private investment and attracting new residents and economic development activity. This kind of rebirth is also possible for other areas of Dayton thanks to projects like downtown baseball, riverfront development, Tool Town, upscale housing, and development in our many industrial parks.

Commissioner Charles Curran stated that we were present to discuss the plan for the future of Dayton and Montgomery County. Where do we stand and where do we stack up against other cities? Today's summit provides an opportunity to have the City of Dayton, County and Business leaders come together to form a new partnership. Commissioner Curran stated that the City and County are working together on many projects toward the revitalization of the city. He thanked everyone for their interest and participation.

Mr. Goforth and Mr. Leak, Consultants with Leak-Goforth Company, began by giving their background and experience. They then proceeded to present the results of the study of Dayton that was conducted. They explained that the method of study was in depth discussions with local and regional contacts; discussions with government, university and business contacts in the State of Ohio; other economic development consultants, and review of extensive demographic information, reports and plans. From this study, they spoke about the trends and conditions, comparative analysis, economic success, and what the city and county have done well.

Three of the themes the Leak-Goforth study revealed were:

- The City of Dayton is not experiencing the same level of growth and economic prosperity as the rest of the tri-state area, or the nation in general;
Dayton must continue to be a strong, vibrant core city if the Miami Valley region is to enjoy long-term growth and success;

- The many various economic development organizations now serving the Miami Valley area are too complex and too difficult to access. There is a serious need to consolidate these entities into one economic development organization that serves the region in a more customer friendly and effective manner.

Mr. Goforth expressed that although the City of Dayton has done well, it is not sharing in the State’s strong economic success. Since 1993, Ohio has ranked first or second in new facilities and expansions, and first in overall business development performance so far in the 1990’s. They further predicted, based on data provided to them, that if current trends continue, Dayton’s employment base, today, of 68,000 would drop to 42,000 by the year 2020. Today’s population of 175,000 could drop below 127,000. Montgomery County population peaked in 1970 at just over 600,000 people. After declining in the 1970’s it has been relatively stable since 1980.

It was pointed out that Dayton’s problems are real - These problems include out migration, housing, decreasing jobs/income, education/training, development sites. They further stated that if Wright Patterson Air Force Base or General Motors were to close, it would be devastating to the community. They suggested that the private sector has a role in making things happen.

In addition, Dayton’s problems are perceived to be public safety, too much overhead for size of population, an unfriendly business environment, not a place were people want to live. They stated that there is not a clear agenda for moving Dayton and the region forward. In their preparation for today, they concluded: (1) Outsiders don’t know who to call for assistance. (2) There are too many economic development organizations and everyone is trying to win the deal. (3) It is easy to “finger point” at others for city’s decline. (4) No clear cut agenda to bring everyone together for the good of the whole. (5) Difficult to get focused business support. (6) The city needs to be more of a regional player and the region needs to give the city more support. (7) The Dayton region to outsiders is Dayton.

Mr. Goforth and Mr. Leak gave the following suggestions for improvement: It is critical to the region’s future to turn around Dayton’s decline. (1) Organize behind one regional lead organization for policy and marketing for economic development purposes. (2) Make Dayton the place where people want to be and live. This can be done by making Riverfront Development a high priority, possibly creating a Residence Development Corporation, more upscale housing is needed to keep affluent from moving out of the city, and education improvements. (3) Streamline the permitting process and become more business friendly. (4) A city budget must be developed with emphasis on efficiency. Also, the city should look regionally for opportunities for consolidation of services and privatization. (5) Do everything possible for workforce development. The Job Center concept was commended and perhaps this program could be expanded to other parts of
the city. It is necessary to have transportation, child and elderly daycare to assist in the promotion of workforce development. (6) Foster regional and private sector support for making the city more attractive and desirable, i.e., cultural, recreational and residential. (7) Develop as many sites in the city as possible, but be willing to promote sites in region, if they provide a better fit. Try to target blighted areas. (8) Use theme approaches in marketing, i.e., Birthplace of Aviation, Tool Town, etc. (9) Use the 2003 celebration as Dayton’s economic rebirth.

Mike Adler, CEO of Moto Photo and chairman of Dayton’s 20/20 Plan Economic Development Committee, gave a presentation regarding the committee’s process and plan. This presentation primarily focused on the same issues presented by the consultants. Mr. Adler stated that Dayton’s weaknesses are a lack of a trained workforce, attractive and available land/buildings, business friendly government, a focused and coordinated economic development strategy, a perception of an unsafe environment, and lack of a compelling reason to locate within the city.

He discussed economic development issues. Mr. Adler stressed that we should think big, focus on our strengths, build income for Daytonians versus simply creating jobs, establish an ongoing process, stimulate entrepreneurship, and create development-ready land/buildings. He also spoke of global issues such as educating the workforce, a Dayton foreign policy, controlling urban sprawl, revenue sharing, regional planning, and financing plans. Some of the economic development strategies for Dayton’s development would be Tool Town, since Dayton is a national and world leader in tooling and machinery. The strategy for Tool Town would include a Tool Town Foundation, Tool Town campus, coordinated marketing program to attract workers and new business, and training and education programs. The concept of an Airplex was promoted by Mr. Adler. It envisions The Dayton International Airport becoming an international distribution and manufacturing complex linked to Emery’s global distribution system. The strategies for the Airplex are to establish the Airplex Development Corporation, expand the Dayton airport’s capacity, develop a comprehensive marketing plan, complete the global logistics park, improve passenger service, and business-friendly environment at the airport and city hall. He also suggested we could grow our diverse small entrepreneurial manufacturers that are linked to Tool Town and the region’s large manufacturers. Strategies for linked manufacturing is for the city to have a business-friendly tone, a city focused marketing plan, along with specific strategies such as, manufacturing organization, business ombudsman, available land and speculative buildings and mentoring programs.

The vision for retention and expansion of business is to reduce the current outflow of jobs from the city by 50% by making Dayton the location of choice. The objective of the 20/20 plan is to save 17,000 by the year 2020. Strategies for retention and expansion are to develop urban land use and sites for business use (redevelop 100 brownfield and 300 greenfield acres, develop 300 acres at NW Industrial Park), coordinate economic development activities, create business-friendly environment, improve Dayton’s image locally and nationally, visitation plan, and provide focused support by all economic development professionals for Tool Town, Airplex, and Linked Manufacturing. A strategy
needs to be developed to enable Dayton to cooperate and compete with its suburbs through theme parks. The objectives are to enable legislation to permit user-friendly theme parks, a comprehensive plan for commercial and industrial theme parks strategically located throughout the city, coordinated state, county and city incentives for businesses locating in the parks, to complete 50% of Northwest Industrial Park, Tool Town, and Airplex by 2010, and complete the Northwest Industrial Park, Tool Town and Airplex by 2020.

Mr. Adler concluded specific action recommendations would be made to the City and County Commissions which will include a financial plan to fund the city's support of the hyper-growth strategies of Tool Town, Airplex, and Linked Manufacturing; to establish a Airplex Board charged with the economic development of Airplex resources; to actively participate in workforce preparedness; to adopt a foreign policy toward its suburbs; and to create a high-powered economic development department.

Mr. Ernie Green spoke about the outcomes and priorities. He explained that EGI started from humble beginnings and did what was necessary to stay in business. In order to get the job done it must be realized that we have the skills and ability to develop Dayton.

Mr. Allen Hill also talked about outcomes and priorities. He shared that it is necessary to stop what is not working and do things that are helping. He said that we need to track and communicate progress, free up resources, have a five year financial plan, compare ourselves to other cities, identify the resources and prioritize.

Dr. Ponitz posted five outcomes which were (1) Public Services are provided in a way that enhance the economic vitality of the region. (2) Children and adults in the City of Dayton have achieved the skills necessary to enter and thrive in the work place. (3) City residents live in attractive, affordable housing in a safe and supportive neighborhood. (4) The City of Dayton is a competitive environment for business attraction and expansion. There is increased interest for small, medium, and large businesses to operate in the City of Dayton. (5) Downtown Dayton is a hub of cultural entertainment and recreational venues and activities which enhance quality of life for the region. He asked participants to provide information relative to these outcomes and indicate if they were a high or low priority. These results were posted under each category (summary attached).

Dr. Ponitz explained that an ad hoc committee would be formed to develop specific and prioritized strategies which would move Dayton closer to the achievement of each outcome. The input provided by the taskforce would be utilized by the ad hoc committee and the goal was for their work to be completed in 90 days. Once completed, it would be reported back to the Summit participants. The hope is that a set of community outcomes and strategies would be developed and adopted by the city, county, and business community.

There is a commitment to try to integrate the outcomes into the City of Dayton's 20/20 comprehensive planning efforts and five-year financial plan, as well as into Montgomery County's 10-year financial plan. It is critical that the public and private regional players
address these issues in a concerted fashion and maintain open lines of communication to ensure the outcomes are achieved. A process for monitoring progress and providing feedback will also be essential to the community's future success. Follow-up group sessions or an annual reporting mechanisms are possible ways this can be accomplished.

Dr. Ponitz thanked everyone for participating and attending. Special thanks was given to Mike Adler, Deborah Feldman, Valerie Lemmie, Ernie Green, and Allen Hill for all the work they put into making the summit a reality.

The meeting was concluded.
Montgomery County
Dayton, Ohio

Detention Master Plan

March, 1998

David M. Bennett

In association with
Kit Enniss

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Mongtomery County
Detention Master Plan

Chapter Six
Detention Center
Population Management
# Chapter Six
Detention Center Population Management

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Introduction

Montgomery County Juvenile Court has been overviewed in the course of three major evaluations during the past three years. A great amount of effort by staff and administration has been focused on implementing many of the recommendations from previous evaluations; however, we believe additional emphasis and support will realize even greater change in the existing system. As part of this evaluation, therefore, we have attempted — in addition to presenting a current overview of the court’s programs and services — to include consideration of impasses and problem areas which have, in the past, impeded progression from the report stage to the implementation stage. We have outlined specific, realistic suggestions for change, designed for practical implementation, and based on the reality of today’s operations rather than on some far-off, perfectionistic ideal. With that in mind, the acceptance to tackle even more recommendations and changes by court staff and administration has been very positive and enthusiastic. It is hoped that this report’s emphasis on implementation will help impel Montgomery County to resolve these impasses and problem areas, so that it can advance in a timely manner toward putting together what will be a national model of an effective continuum of intermediate sanctions and services for its youth.

Many of the components needed for such a continuum already exist among the court’s array of services and programs. However, as things
stand, the rationale behind the court's established flow of sanctions — a flow which, in an effective continuum, would consist of a logical sequence ranging from least to most severe — is too obscure for the community, law enforcement officials, and the juveniles themselves to detect. Possibly because of this one simple reason, the current court system, despite its many services and programs, does not assure (whether in reality or perception) the justice system or the community of a credible response to the perceived and real juvenile crime issue. What is needed at this juncture is a twofold approach to change — first, arranging existing, enhanced, and new programs and services in a sound, rational manner, as suggested in this report; and, second, educating key system players, the community, and the juveniles served by the system as to the rationale behind the revamped continuum. As a part of the current study, we have already begun the work of brainstorming with key system players and opening the lines of communication between them so that those staffing each component of the system will better understand the services and needs of the other components. These lines must remain open.

Given the kind of restructuring we're talking about, the community will, on its own, eventually come to regard the juvenile justice system as more credible, reducing friction between the system and the community. A Public relations within and outside the system, could speed this recognition greatly. As for the juveniles, these kids talk. They talk to each other. News that loopholes and impassess in the system have been repaired will travel quickly among them, which can only improve the way they interact with the justice system.

Redirecting and redistributing existing programs, services and personnel could go a long way toward helping the system respond in a
more appropriate manner to the various severity levels of juvenile crime in Montgomery County. Enhanced coordination and cooperation between the various key players in the juvenile justice system could also help provide a more unified, systematic response to the current state of things in the community. If, in addition, officials move now to make good use of Ohio’s recent efforts to encourage local communities to become more involved with their delinquency problem — as evidenced, for example, in the creation of its RECLAIM program (Reasoned and Equitable Community and Local Alternatives to Incarceration of Minors), the availability of increased correctional center funding, and the availability of newly available assistance with facility construction — Montgomery County could become a leader in the national juvenile justice arena.

Because the juvenile court oversees the operation and budgetary reins of many of the residential and non-residential programs already in place — detention center, probation, Dora Tate, Nicholas, and placement-options programs — through its RPP unit, it would be in an excellent position, given the above conditions, to create a totally seamless and progressive series of sanctions made up of services and programs designed to efficiently and proactively serve both the youth and the public. Simply adding to the current system is not enough — it must be reorganized and infused with community and system support.

Reducing juvenile delinquency, of course, requires a multifaceted, coordinated approach with prevention as a critical first step (OJJDP, 1995). Our evaluation of the juvenile justice system in Montgomery County has convinced us that prevention can be enhanced, here, not only by more efficient intervention — that is to say, by virtue of a more efficiently-operating juvenile justice system — but by creating a new perception,
among past and would-be offenders, that the more logical series of sanctions does indeed exist. Talks with those who work closely with the juveniles served by the system have assured us that juvenile offenders in Montgomery County are remarkably attuned to the flaws and loopholes in the present system, and would quickly react to news of their repair — if such news were, indeed, based on solid facts. We believe, therefore, that a reorganized and enhanced continuum of graduated diversions and treatment services and sanctions would have a significant impact on juvenile crime and recidivism, at this time, in Montgomery County.

As stated above, most of the components needed for such a continuum currently exist and, as emphasized by the Juvenile Court Judges and Juvenile Court's key administrators, numerous individuals have been diligent in their efforts to modify the alignment of the juvenile court system and implement previous recommendations. The changes that have been made during the last three years and the efforts of staff to manage an over-capacity system and the enthusiasm for change will result in altering the views of those few in the system that would prefer to retain a status-quo.

There are many dedicated and talented employees within the juvenile justice system in Montgomery County. Many have helped to create and shape the excellent and necessary programs and services which will serve as the foundation for the continuum of sanctions recommended in this report. Again, changing a system of services and programs is a tremendous challenge and requires leadership to re-think funding sources and requests, personnel structures, and utilizing existing staff in new and innovative endeavors. This will help maintain momentum for change and continue to infuse in the system (any system) creative and motivated personnel and
hence, an ever evolving and creative juvenile justice system which responds to the needs of the community.

The concept of appropriate graduated sanctions is an important tool for communities, courts and youth. The Office of Juvenile Justice and Delinquency Prevention observes, the objective of graduated sanctions is to stop juveniles’ further slide into criminality by stimulating law-abiding behavior as early as possible. To respond to a range of offenses, graduated sanctions should encompass a broad range of nonresidential and residential alternatives. Juveniles need to be held accountable for their behavior and actions. In addition, those community agencies which set in motion programs or services which provide the sanctions, need also to be held accountable for the movement of youth through the system. At this point, Montgomery County’s Juvenile Justice System’s continuum of graduated sanctions has been forced to respond as a crisis-management system (in part due to the lack of secure beds) in which changes in supervision levels and programming are based not on youth’s behavior but on availability of slots, beds, or services.

The aim of the recommendations presented in this chapter is to help Montgomery County to devise and implement a centralized, intelligible and well-managed juvenile justice concept, designed to ready the county to respond to anticipated, as well as unexpected, demands, and to provide a reliable, system-wide foundation upon which to build in the future.

The recommendations made in this chapter will cost money. At this stage in the system’s evolution, such expenditure cannot be avoided. Indeed, Montgomery County’s juvenile justice system, at the present time, calls to mind the saying “pay me now, or pay me later”; moreover, if the county waits until “later” to make the kinds of system-wide methodological
changes recommended in this report, the cost to the county will be significantly greater.

At the present moment in its history, the Montgomery County Board of County Commissioners, the Juvenile Court, other criminal justice system agencies, and other related agencies have the opportunity to put in place a model juvenile justice system which, among other things, will ensure that the population of the detention center will be managed efficiently. Again, adopting the recommendations contained in this report will require the expenditure of substantial funds as well as the making of major policy changes; however, making the policy changes and spending the funds now rather than later will yield greater dividends in the future.

A. Criminal Justice System Coordination

Without question, Montgomery County needs to construct a new detention center if a credible continuum of programs and sanctions is to function efficiently. The current facility has outlived its useful life and is not conducive to remodeling and adding on. The number and type of beds to be constructed will depend upon the efficiency and timeliness with which the juvenile justice system can implement the population-management recommendations contained in this report. In order to remain within an effective time-frame for construction, we suggest that the recommendations contained in this chapter be implemented during the upcoming year. The sequence in which the recommendations contained in this chapter are implemented need not be an issue; the recommendations can be addressed in a coordinated fashion concurrently.

To facilitate the implementation of these recommendations, therefore, and to ensure the ongoing efficiency and flexibility of the new system, it is
recommended that the current subcommittee of the Criminal Justice Council that has been overseeing this project be established as a permanent committee and charged with the responsibility of overseeing the implementation of the recommendations made in this report, as well as that of ongoing juvenile justice system coordination. Such a permanent committee will ensure the availability of a workable leadership forum in which representatives from county administration, the juvenile court, law enforcement agencies, the prosecuting attorney, the public defender, and all other areas of the juvenile justice system can present their needs and concerns, work out their differences, and hash out the kinds of agreements and understandings that enable a county system to progress, with respect to such recommendations, from the report stage to the implementation stage; in addition, a one-year implementation schedule demands such a forum.

B. Detention Center Capacity Forecasts

Once the permanent overseeing committee has been established, a facility programmer should be retained and the planning for the new facility, including determining the appropriate site, should begin. Once the reorganization of the continuum has begun, the county will be in a better position to develop a specific construction schedule for the new facility.

The number of beds that will be needed for Montgomery County’s Detention Center in the year 2010 probably lies between the two forecasts — 146 and 180 beds. The more successful the court is in implementing the population management measures recommended in this chapter, the smaller will be the number needed. The concept of adding additional beds for local corrections needs has merit and would give the county flexibility in the use of the new facility. Any new facility should allow for additional units or “pods” to be added at alter dates. Our own work with county
criminal justice systems, as well as other recent studies, have suggested that flexibility is one of the most desirable assets any correctional system can aim for in today's corrections climate.

C. Existing Detention Center Issues

1. Physical Plant Modifications

   *Modification to the existing facility should be forthcoming to accommodate for law enforcement weapon storage, the Reception Center concept (see below), visual and/or audio monitoring of the elevator, and the admissions function — at a minimum.*

2. Staffing

   a. Ratios

   *The staffing ratio should be altered from the current 1-to-12 staff-to-resident ratio to a 1-to-8 ratio or 1 to 10 ratio, to accommodate future facility staffing needs and to help preserve security and safety (this last will become more important once increased emphasis has been placed on screening “hardened” youth into detention and other residential programs).*

   b. Personnel Options

   *Option Three in the Staffing Issues of Chapter Four should be adopted.* The assumptions listed in that chapter should be used as criteria for implementation. Any changes in staff ratio can be accommodated via Option Three.

4. Transportation

   *Transportation needs for food services, for residents, and for the court's purposes should be reviewed as to the feasibility for contracting-out.* This would eliminate the need for additional FTE's within the county system.

5. Dora Tate Supervision
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Senior supervisory staff in detention and Dora Tate should make efforts to be in close proximity to the youth at all times when on shift. This would provide additional security as well as encourage modeling on the part of other staff; it would also benefit the youth.

6. Dispositional Reports

Detention staff should provide written reports to the court prior to dispositional hearings for youth who have been detained.

D. Reception Center

Following an evaluation of the current intake function and its impact on law enforcement's function, the recommendation to establish a 24-hour-a-day Reception Center was made in October of 1997. A committee was established that included representatives from all of the affected agencies including law enforcement, the courts, and related community agencies. The committee developed the following criteria for the Reception Center:

- The Reception Center will accommodate juveniles for whom police have not been able to locate a custodian/guardian. It will also be open to all "violent" charges as defined by Ohio Revised Code. The only exceptions should be simple assault charges, an issue that will be considered after the Center's opening.

- The arresting agency will transport to a designated agency any juvenile for whom after a period of time the Center is unable to locate a parent/guardian.

- Admissions criteria will be examined two months following the opening of the Center and periodically thereafter.

- Exceptions to this intake process will be made by law enforcement agencies on a case-by-case basis.
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- A limit of 6 juveniles will be admitted at any one time to the Center.
- Law enforcement agencies, along with court personnel, will design a uniform booking form to be used by all agencies.

An architect has been retained to redesign the present detention assignment area. It is hoped that the Reception Center will open by the end of the second quarter of 1998.

E. Intake

It is recommended that the Juvenile Court enhance and dramatically expand the Intake Unit currently functioning under its Legal Department. The new Central Intake Unit (as we'll call it) would, in effect, combine the intake functions of the court, detention and probation into one centralized unit, and add the Home Detention program to that. In other words, in addition to its current function, it would absorb detention's admissions-officer function and probation's social-history function, centralizing them to provide a better "gateway to the system" for Montgomery County juveniles. The program should function 24 hours-a-day, seven days a week, and work in conjunction with the Reception Center.

The Central Intake Unit would interview all juveniles brought in by law enforcement officials. It would furnish all available information — including previous detention and probation information — to the appropriate magistrate or judge prior to the detention hearing. It would make recommendations, when appropriate, as to the suitability of qualified juveniles for release from custody. The Central Intake Unit should also have the responsibility of monitoring and tracking all youth as to their next court dates and providing supervision for the juveniles assigned it by the court. The supervision program might include electronic monitoring. The
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Central Intake Unit would make referrals to community agencies, where appropriate, to provide support while a case is pending.

As noted above, the current investigative function of probation would be absorbed by this unit and would have the responsibility of pulling together all appropriate social-history information. Its goal should be to develop the ability of making disposition recommendations at the time of adjudication in 75 percent of all cases, in order to significantly reduce the number of juveniles in custody awaiting the completion of a probation report. This change will also decrease an average probation officer's caseload by 6 juveniles.

The staffing levels for Detention recommended above will be able to be reduced with the implementation of this recommendation.

F. Work Program

It is recommended that the current Work Program be upgraded to allow for immediate placement in the Program of youth referred by the court, probation, and informal dispositions, and to allow for increased placement of those youth who have fines, restitution, or community service.

Additional work sites should be established within the county and closer to various high intensity youth populations. These additional sites would help offset transportation problems and increase community awareness of the court's dispositional alternatives and responsiveness.

Work programs should include training, job development seminars, and employment readiness skills for youth in addition to the work experience. Pre-release work programs should be established to provide additional alternatives for detention youth and Dora Tate residents.
Probationers who have fines, costs, or restitution to be paid and who are not working should be immediately assigned to the Work Program. Non-compliance should be handled swiftly to further ensure the credibility of the program. Sufficient staff should be assigned to the program to monitor and track all participants.

Discussions between the court and the Sheriff should continue concerning the possibility of having the Sheriff’s office transport and supervise a portion of the assigned Work Program youth. There is still some resistance to this issue on the part of the court; but it should be remembered that the entire juvenile justice system would benefit if all possible efforts were made to help the program to serve as a significant intermediate sanction. Of course, under such a system, appropriate measures to keep adults and juveniles separate would be mandatory; as we see it, such measures would not present an insurmountable problem.

G. Probation

It is recommended that Probation remove persons who have completed other probation responsibilities from active caseloads and assign them to the Work Program to complete any payments for fines, costs, and restitution. Jail time (for those over eighteen) and or a resident work camp for those youth who fail to respond to community work programs should be a part of the Probation program. This would dramatically reduce probation officers’ caseloads and therefore enhance the quality of its services.

The system should provide immediate consequences (detention, work hours) for youth failing to respond to requests from probation staff and/or Dora Tate. Because Dora Tate is an extension of detention, automatic return to detention should be mandatory when a youth is aggressively acting out at

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Dora Tate. A standard court order could be developed for youth placed on home detention, intensive probation, work programs, Dora Tate house arrest, etc., and used to provide enforcement capabilities, including for example, the authority to return youth to detention immediately if noncompliant. Although viewed as mixing of the pre and post adjudicatory process, the appropriate court order can alleviate that issue. Again, additional detention space is mandated by this recommendation.

The system should increase its ability to access IVE funds by implementing additional programs such as special tracking services which provide skills development programs and functions for youth who are in the court’s custody and placement.

Additional measures should be taken to examine victim restitution amounts for possible increases to more than $500 per victim per episode. In addition there should be an increased emphasis on community service by all youth who have disrupted the balance within the community. Steps should be taken to incorporate a restorative justice rationale into all services and sanctions.

The probation quadrants could benefit from a local community board to improve relations, review services periodically, and assist in community networking.

A separate intensive probation program (not necessarily with DYS as a backup) should be established for the 10 to 14 year old probationer.

H. Corrections

Dora Tate should be re-examined as to the effectiveness of the current program and other possible options. The following concepts should be evaluated for possible inclusion into Dora Tate’s current program: (a) resident work camp; (b) day/night reporting center; (c) emergency
residential care; and (d) temporary placement for detention youth/reception center youth, for probation tune-up, or for purposes of the orientation center concept. In addition, any use of Dora Tate should pursue the feasibility of using resident youth to maintain the grounds and facilities of the entire complex. Coordination with the Sheriff’s department, the County Home and Parks and Recreation Services should also be encouraged.

If Dora Tate continues to be used as a short-term residential setting (although called correctional), further examination of Reclaim and/or IVE reimbursment by virtue of wording changes should be attempted. However, if Dora Tate continues to be classified as a temporary short-term corrections center, the diversion team should not be counting Dora Tate as a residential, out-of-home placement.

I. Continuum of Sanctions

It is recommended that increased emphasis be placed on developing a continuum of care/sanctions placement package. Appropriate risk-assessment tools, which should be part of the package, would afford the community greater protection. The package should be designed to provide youth with appropriate graded levels of services and sanctions based on their own unique circumstances. Intensive supervision, both for pre-adjudicated as well as post adjudicated youth, should be central part of that continuum and the program expanded so all youth needing intensive services or supervision will receive that service immediately.

J. Miscellaneous

Training for the entire juvenile justice system should continue to occur acquainting staff and agencies with options available and encourage
cross cultivation of methods, programs and functions. The training should be for court staff as well as incorporate training seminars for allied agencies.

*Mental health services should be an increasing responsibility of the mental health system,* and a better method of responding to correctional mental health issues should be developed.

*The cases of non-detained youths should be processed more quickly.* The process times data analyzed in Chapter Two documents the delays in processing out-of-custody cases. Much of the delay is attributable to the intake/filing practices of law enforcement and the prosecutor. It is recommended that the time between arrest and complaint be reduced from 39 days to 5 days and that the time between arrest and adjudication be reduced from 94 days to 45 days. While the juveniles in this category are not in custody, nevertheless, the system should be processing the cases as efficiently as possible. Today’s process times, although well within the Ohio Supreme Court’s limit of 180 days, are too long for the juvenile to be able to strongly experience the relationship between the offense and court outcome. In addition, the longer that it takes to process a case, the higher the likelihood that there will be a failure-to-appear or new offense committed. The new intake unit will help to reduce that possibility; shorter process times would help as well.

*The county should consider doing some public relations work in conjunction with the implementation of these recommendations.* The media attention attracted by large-scale changes in a justice system can allow that system to improve relations with the community and get important messages across in a way that would be much harder at a different time. The juvenile justice system in Montgomery County, at this time, is something of a high visibility issue, and community concern could be used
to advantage by, for example, sending out a call for volunteers, such as retirees, with (ideally) public-relations or related experience, to work on improving relations with the community. Getting concerned citizens, citizens with PR experience, and perhaps some juveniles themselves involved in a kind of volunteer PR effort might be worth trying (private, non-profit organizations dealing with high visibility issues have achieved great things by using motivated volunteers). Perhaps the Ohio state programs encouraging community support could be accessed for funding creative work in this area.

K. Information System

It is critical that a new information system be developed for the court, the detention center, and related agencies. The integrated system, at a minimum, should have the capability of conducting a data analysis similar to that developed for purposes of this report. Decision-makers, both within the court system and in county government, need to have immediate information about the trends and changes within the system available to them when needed. Understanding who is coming into the system, how long they are staying, and the outcome of the cases is the foundation of good justice-system decision-making. The County has agreed to fund such a system and implementation should be expedited.
MONTGOMERY COUNTY
JUVENILE COURT
OPERATIONS REVIEW

Final Report

prepared by:
CHINN PLANNING PARTNERSHIP

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SECTION 1

INTRODUCTION
INTRODUCTION

In early 1995, Montgomery County, Ohio issued a Request for Proposals to obtain the services of a consultant to perform an Operations Review of the Montgomery County, Ohio Juvenile Court. The Operations Review was to include an assessment of the non-case management functions of the Juvenile Court. A review of the case management functions of the Juvenile Court was being conducted by the Case Management Coordinator from the Supreme Court of Ohio.

The Chinn Planning Partnership was selected to perform the Operations Review of the Montgomery County Juvenile Court. The goal of the review is to determine whether the Court and its detention and rehabilitative services are functioning in an efficient and effective manner.

The Juvenile Court is a Division of the Court of Common Pleas of Montgomery County, Ohio. The Court's jurisdiction extends countywide to youth who are alleged to be traffic offenders, delinquent, unruly, neglected, dependent or abused, and their families. The duties of the Court are performed by two Judges, Legal Services Department with magistrates and referees, a Court Administrator, Child Support Office, Intake Department, Probation Department, Clerk's Office, Psychological Service Department, one Detention and one Corrections Center, and one residential treatment program.

The specific tasks of the Operations Review of the Montgomery County Juvenile Court include:

- Data collection and analysis of all aspects of the Juvenile Court;

- An evaluation of the current practices, procedures and organizational structure of the Juvenile Court including staffing ratios, training, caseload levels, cooperation among agencies, communication within the Court, funding mechanisms, record keeping and reporting, and performance evaluation systems;

- Development of recommendations to improve the operations of the Juvenile Court based on the evaluation, which includes comparative assessments of other jurisdictions in the State of Ohio as well as national comparisons; and

- Preparation of an implementation strategy to carry out the specific recommendations that are presented in the study.

The process for conducting the Operations Review consisted of the following steps:

1. Establishment of a Project Steering Committee to guide the work of the project team through each phase of the project.

2. Data on court operation, trends, and system characteristics was collected and analyzed. The Court Operations analysis was presented to the Project Steering Committee for review and comments.
3. Based on the data collected and analyzed, recommendations for improvements were developed. The evaluation also included comparative data from national sources, as well as comparisons of other Ohio County's. The evaluation and recommendations were presented to the Project Steering Committee for review and comments.

4. An implementation strategy was developed. This implementation strategy was included in the Draft Report for review and comment.

5. Based on the final meeting with the Project Steering Committee, this Final Report was issued to the Montgomery County Juvenile Court and Montgomery County Board of Commissioners.

The composition of the Project Steering Committee was described in the Acknowledgements Section of this report. The following Chapters describe the results of each of the other three major tasks performed to complete the Operations Review of the Montgomery County Juvenile Court.
SECTION 4

IMPLEMENTATION STRATEGY
IMPLEMENTATION STRATEGY

When the Montgomery County Juvenile Court requested funding to conduct an Operations Review of the Juvenile Court, they recognized the need to evaluate the effectiveness and efficiency of the manner in which the Juvenile Court conducts its operation. The changing nature of society and the impact of those changes on the juvenile justice system have resulted in the need to re-examine the means by which juvenile justice services are provided in Montgomery County. The growing demands on the juvenile justice system, combined with the fact that all components of governments are being asked to "do more with less", underscores the importance of evaluating the courts' practices and means of delivering services to youth and their families.

The previous sections of this report have analyzed the growth trends and service delivery practices, as well as provided specific recommendations for improvements to juvenile court operations. The key to moving forward to implement the specific recommendations in this report is leadership.

Leadership is necessary within any organization to set direction and policy, and to see that policies are carried out. It is particularly important for an organization the size of the Montgomery County Juvenile Court, with a vast array of programs and services, provided by over 300 staff at numerous locations in the County.

Leadership and clear direction must come from the Juvenile Court Judges, and the direction and policies must be administered by the Juvenile Court Administrator. Leadership and management are the basic elements for running an efficient and effective operation. Employees must follow the direction of leaders in order to achieve a common goal, and they must know what the goals and direction of the Court are. The policies and procedures of the court and expectation of staff must be presented to employees in documents, which are reinforced through practice and interaction with staff on a day to day basis. On-going training and evaluation can also reinforce the common goals of the Court.

It was noted in this report that employee morale was low in the Montgomery County Juvenile Court, based on interviews with several staff throughout the study process. Employees must contribute to setting the direction and be involved in the decision making processes of the Court. Many employees feel that they have not been involved in the decision making process. Strong leadership will be necessary to move employees of the Court forward to implement changes and improve operations.

Recently, a number of positive changes have been implemented, including the hiring of a Fiscal Officer to manage the Courts' fiscal operations. The move to improve court operations and functions must continue, and implementation of the recommendations outlined in this report will assist the court toward that goal.

Although some recommendations in this report call for staff increases to enhance certain functions, or to conduct functions that are not currently being conducted, the report also clearly states that no new staff should be hired until structural changes in operations noted in this report are implemented. Adding staff before structural changes are put into place will increase inefficiency, and will have a negative impact on employee morale.

The Montgomery County Juvenile Court has many good programs and services. In fact, Montgomery County has a wider array of detention options, both residential and non-residential,
than many counties of its size that the Consultant has worked in recently. The recent changes and positive aspects of the Juvenile Court's operation and services can be expanded by implementing the recommendations of this report. It will require participation at all levels of the Court, and support from the Montgomery County Board of Commissioners.

The implementation strategy to improve operations of the Juvenile Court involves five basic steps. Detailed recommendations for each component of the Court were presented in Chapter 3 of this report; therefore the specific recommendations are only highlighted and summarized under each implementation step below.

The following steps must be taken to implement the recommendations of this report:

1. Establish Implementation Committees

   Building on the work effort started with the Supreme Court Study of Case Management Functions, and the Operations Review of the Juvenile Court, committees must be formed to carry out and oversee implementation of recommendations.

   This includes a committee of the Juvenile Court to implement internal structural and organizational changes, as well as a committee of the other components of the Juvenile Justice System, including law enforcement, prosecutor, public defender, schools, and social service providers. If a committee of the members of the Juvenile Justice system already exists, this report should be presented to that committee for review and implementation of the recommendations related to coordination and collaboration.

   The committee of the Juvenile Court should include the Judges, Court Administrator, and key staff within the Court. In addition, staff input from all levels should be solicited and encouraged. This could include quarterly staff meetings with Judges, and smaller staff meetings to obtain input from line staff that are working with youth.

   At an initial meeting of both committees, the recommendations should be reviewed and discussed. Persons should be assigned to take responsibility for the implementation effort of various recommendations. Although in the end implementation of the recommendations in this report will be the responsibility of the Judges and Court Administration, persons within the organization can assist in the effort to achieve implementation.

2. Institute Organizational and Management Changes within the Juvenile Court

   The organizational changes of the Juvenile Court must be agreed to by the Court and the County, and a time line should be established for implementation. The Court Committee should meet bi-weekly to discuss the recommended improvements, and to monitor progress toward implementation. Persons responsible for implementation of each recommendation should be asked to present progress toward implementation at each meeting.

   These actions include:

   - Increasing the number of cases heard by Judges.
3. Develop and Expand the Data and Information System of the Court
   Information is a key element for both implementing change, and monitoring the progress of change. Program and financial information must be collected and reported for:
   □ Length of stay in programs.
   □ Further court involvement once a program has been completed.
   □ Automated profile data on youthful offenders, including offense, age, race and previous incarcerations.
   □ Data elements that are consistently defined.
   □ Program costs and grant fund allocations.

4. Reconfigure and Expand the Continuum of Juvenile Services Offered by the Court
   Although Montgomery County currently has a number of successful programs and many of the elements of a continuum of services exist, changes will enhance the continuum. These include:
   □ Expand the Restitution program and establish a Work Detail program.
   □ Limit the time frame for youth on probation. Do not extend probation when youth are failing the program.
   □ Separate the investigative and supervision functions of the Probation Department.
   □ Use electronic monitoring for some youth on home detention.
   □ Move youth on a continuum from least restrictive to most restrictive placement.
5. Establish Performance Measures and Monitor Program Success and Organizational Changes

In order to determine which programs have the greatest success, data must be collected. This report presented recommendations for defining and capturing information to determine program success. The committees formed to implement the recommendations of this report must prioritize the establishment of performance measures.

In addition to monitoring program success, the organizational changes recommended in this report should be monitored. For example, after the Probation Department has instituted changes related to length of time on probation, and separated staff responsibilities for investigation and supervision, the caseload levels should be analyzed. Implementing these two changes may result in the recommended staff/caseload ratio, and new staff may not be required.

Steps to implement performance evaluation for programs and operations include:

- Collecting and reporting recidivism data for all court programs. Recidivism can be defined as further court involvement at the start, and can expand into additional definitions over time (for example—further involvement with law enforcement).

- Monitoring the impact of the organizational changes that have been recommended. This will require collection of data, as well as surveying employees to see if the changes in training, job descriptions, job expectations, increased involvement by the Judges and management, and other procedural changes increase employee morale and operational efficiency.

The recommendations presented in this report can not be implemented overnight. Some staff positions may be needed, or staff could be reallocated from current positions. The changes in organization and structure presented in this report will require leadership and direction, and must involve all of the staff of the Court.
Montgomery County Court Of Common
Pleas
Juvenile Division
Caseflow Management Review
FINAL REPORT

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I. EXECUTIVE SUMMARY

In October 1994, Judge Michael B. Murphy of the Montgomery County Common Pleas Court, Juvenile Division and the Montgomery County Commissioners requested technical assistance from the Supreme Court of Ohio in the area of caseflow management. The Juvenile Division was not under any outside pressure to have this review conducted; it was requested voluntarily in order to have an independent evaluation of the caseflow management system and to ensure that the cases are being processed in an orderly and expeditious manner. The judge indicated he had begun to address his concerns about the operations in the Clerk's Office, the court's performance evaluation system, staff accountability, training and data processing prior to the commencement of this review. Judge Nick Kuntz also gave his support to the project. He was concerned that the assumption of Clerk's Office operations from the County Clerk of Courts in 1992, the addition of the second judge and various legislative changes created tremendous difficulties with the court's caseflow.

This review focuses on caseflow management operations and related issues at the Juvenile Division. It is not intended to be a comprehensive operations review. The court's detention, rehabilitation and probation services are only briefly discussed in the context of caseflow management issues. At the request of the Juvenile Division and County Commissioners, the Chinn Planning Partnership, a private consulting group, was studying these three operations; its recommendations are expected in November 1995.

Eighteen visits were made to the Juvenile Division between February and August 1995 for this review. Extensive interviews were conducted with both judges, magistrates and court staff in all departments and with outside agencies. The court had begun to make improvements in some areas it recognized as problematic prior to this review. The Juvenile Division planned changes to its caseflow operations on July 1, 1995, when amendments to Rule 40 of the Rules of Juvenile Procedure took effect. The new procedures sought to reduce the time involved in certain case processing functions (the reviewer was not consulted about those procedures, and they were implemented after the research for this review was completed). The court recognized that some of the new procedures might have to be amended in light of this review. The reader is referred to the Juvenile Division for further information about the implementation of those procedures.

The judges acknowledge the caseflow management system needs improvement and want to make the necessary changes. The adjudication of substantive or procedural issues by judges and magistrates is not the focus of the review; most agency attorneys interviewed indicated they are very satisfied with the judges and magistrates in this area.

Both judges are to be commended for their willingness to undergo an evaluation of the court's caseflow practices and assume the leadership roles and long-term effort involved in the transition to a more effective and efficient court operations.
Many of the issues cited in this review are the result of a combination of items: a lack of communication among court departments, insufficient training, little understanding about effective caseflow management practices, inadequate supervision, an incomplete management information system and few mechanisms for accountability.

The Juvenile Division, in consultation with the agencies with which it works, must determine the short and long-term efforts necessary to make system improvements, and take the time to review all of its caseflow operations in greater depth that it has to date. It cannot be stated enough that, no new staff with caseflow responsibilities, with the exception of the proposed Director of Management Information Systems, should be hired until the Juvenile Division has thoroughly examined and begun to revise its case processing procedures and reorganized existing staff more efficiently. This review suggests ways existing staff can be reorganized and discusses the departments in which new staff may be needed for the Juvenile Division to maintain effective and efficient caseflow management operations. It is unrealistic to assume that wholesale operational changes can occur overnight, but small improvements build upon one another, and recently enacted case processing improvements should be recognized and applauded.

The caseflow management system has serious weaknesses when, among other things, orders and entries can take several weeks before they reach court departments and outside agencies (such as Children Services); cases are often continued; case files and documents cannot be located; the integrity of some data recorded in the computer system is suspect; and training is inadequate in certain departments. Staff want procedures to be re-examined, and they are looking to the judges to provide the leadership needed to implement the operational changes recommended in their review.

A satellite branch of the Clerk’s Office should be established in the Reibold Building if court operations cannot be housed under one roof. It would be beneficial operationally for one judge to be located in the Reibold Building, as documents would no longer have to travel between two buildings for judicial signatures and processing. Cases can be randomly assigned to a judge in either building via the court’s computer system. Alternatively, the Chinn report suggests the Juvenile Division consider moving the legal department staff, which includes the magistrates, to the space currently occupied by the Probation Division in the main court building.

Together with the judges, the Juvenile Division’s court administrator will play a key role in the transition to a more effective and efficient caseflow management system. He must become thoroughly familiar with all caseflow operations and monitor all of the administrative functions of the Juvenile Division. The court administrator “serves the dual function of increasing the amount of time a judge has for adjudication and bringing professional management knowledge and capability to the judiciary...”

The operations of the Clerk’s Office impact tremendously on the Juvenile Division’s caseflow management system. The Clerk’s Office cannot support an effective and efficient caseflow management system by itself; the delay noted in this review is not
solely a function of its operations. The judges, magistrates and support staff who handle cases as they move between the courtrooms and the Clerk's Office all bear responsibility for the timely movement of cases through the Juvenile Division.

The movement of case files and documents could be reduced and overall case processing operations improved if the Juvenile Division planned for its future automation needs and expended greater resources on its computer system (hardware and software) and Data Systems department (personnel and training). The current staff struggles to support the automation needs at the Juvenile Division in a timely fashion, but it is nearly impossible.

The Juvenile Division can reconfigure and train existing staff to provide judges and magistrates with good caseflow management support. Each judge and magistrate should have a case coordinator to assist in case monitoring and processing duties such as scheduling cases, checking for service or previous actions, reviewing caseflow management reports to make sure each case always has a future action date and will not exceed time guidelines, preparing orders and entries, getting parties ready in the courtroom before a hearing and so forth. Training will be critical to the success of this reorganization.

Few activity or case management reports are generated by probation services. Studies have not been done to determine whether probation programs reduce recidivism. Without regular monitoring and evaluation of outcomes, it is difficult to make qualitative decisions about programs. Without more collection and analysis of data, it is not clear the existing program strategies are effective in reducing delinquent and unruly behaviors. The Juvenile Division must be accountable for ensuring that quality services are being provided and acceptable outcomes are occurring.

When the court decides to change or implement new procedures, outside agencies that are affected by the procedures indicated they do not usually have an opportunity and/or sufficient time to study and comment on the changes or procedures before they are instituted.

Court staff indicated that dependency, abuse and neglect cases on some juveniles have been refiled several times because the statutory time frames for case disposition were not met. Court, Prosecutor's Office and agency personnel involved with dependency, abuse and neglect cases acknowledge there are some delays in the processing of these cases that affects the time to disposition. The viewpoints differ as to where the delays occur, but an examination of the case processing involvement of each agency and the court indicates that all bear some responsibility. All indicated to the reviewer they are willing to cooperate with one another and agreed a neutral forum in which the parties could meet to resolve outstanding interagency issues would be most productive.
The Juvenile Division should view the implementation of the recommendations in this review as an opportunity to permanently establish effective and efficient court operations that will provide increased services to the juveniles and citizens of Montgomery County. The transition to a more effective and efficient caseflow management system takes leadership, time, commitment, resources and a plan for implementation. The effort required to implement the recommendations in this review may seem considerable, but maintaining the existing system entails greater effort because of the inefficient procedures that system supports.

The transition will require all court personnel to undergo a major shift in thinking about case processing and caseflow management. The traditional "we have always done it this way" philosophy that was apparent in many interviews must shift to "is there a way we can do this job more effectively and efficiently?" In thinking about the transition, the goals must be "equal treatment of all litigants by the court; timely disposition consistent with the circumstances of the individual case; enhancement of the quality of the litigation process; and public confidence in the court as an institution." It must also be recognized that a transition of the magnitude envisioned in this review takes many months and perhaps even years. The court must remember to recognize its achievements when it hits those plateaus where progress in certain areas has not been as fast as desired.

The Supreme Court of Ohio is committed to helping the Juvenile Division achieve its case processing goals. It can provide limited technical assistance in the following areas: caseflow management training, mediation, Supreme Court reports and automation. The Coordinator of Case Management Programs is always available for consultations during the transition process.

II. INTRODUCTION

A) TECHNICAL ASSISTANCE REQUESTED

In October 1994, Judge Michael B. Murphy of the Montgomery County Common Pleas Court, Juvenile Division and the Montgomery County Commissioners requested technical assistance from the Supreme Court of Ohio in the area of caseflow management. Cherstin Hamel, the Coordinator of Case Management Programs at the Supreme Court of Ohio, was asked to evaluate the court's caseflow management system and related issues and make recommendations for improvement. At the preliminary project meeting held on December 11, 1994, Judge Nick Kuntz gave his support to the project. Both judges are to be commended for their willingness to undergo scrutiny of the court's caseflow management practices and assume the leadership roles and long-term effort involved in a transition to more effective and efficient court operations.

All recommendations contained in this review were developed with an awareness that county budgets are lean. Wherever possible, suggestions are made that do not involve
costs. However, some costs are unavoidable. The support of the Montgomery County Commissioners during the implementation of these recommendations is crucial to the overall effort.

B) METHODOLOGY

Eighteen visits were made to the Juvenile Division between February and August 1995. Extensive interviews were conducted with both judges, magistrates and court staff in all departments. In addition, staff from various units of the Montgomery County Prosecutor’s Office, Children Services, the Public Defender’s Office and the County Commissioners’ Office were interviewed. Case files, court calendars, annual reports and statistical information were reviewed and analyzed. Observations of court operations were conducted and case processing procedures were examined.

The assistance of many individuals at the Juvenile Division and outside agencies made this project considerably easier. Ms. Hamel expresses her gratitude to everyone who participated in the review.

C) ORGANIZATION OF REVIEW

This review focuses on caseflow management operations and related issues at the Juvenile Division. It is not intended to be a comprehensive operations review. The court’s detention, rehabilitation and probation services are only briefly discussed in the context of caseflow management issues. At the request of the Juvenile Division and County Commissioners, the Chinn Planning Partnership, a private consulting group, is currently studying these three operations; its recommendations are expected by the end of October 1995.

Caseflow management issues involving agencies with which the Juvenile Division interacts are examined in this review, as they impact the court’s ability to timely move cases to disposition. The private bar was not consulted, although it is suggested that members be invited to participate prior to implementation of the recommendations.

III. JUVENILE DIVISION DOCKET: CURRENT STATUS

According to the reports submitted to the Supreme Court, as of December 31, 1994, 16,505 new cases were filed at the Montgomery County Juvenile Division. Through August 1995, 11,798 cases have been filed. Little caseflow information is generated by the Juvenile Division in report form to monitor the status of pending cases or track the length of time cases are pending from filing to disposition. The Supreme Court reports show the number of cases filed and provide information as to how the cases are disposed, but the forms are not designed as day-to-day pending case management tools. The Juvenile Division has long had difficulty generating correct Supreme Court
reports; the numbers it has reported may not provide the most accurate representation of how the court is processing its cases.

However, the reports indicate that through August 1995, an average of 853 cases per month are pending beyond state time guidelines for case disposition. Of these, custody and visitation cases range from 16 to 52 months beyond, permanent custody cases range from 3 to 31 months beyond, delinquency cases range from 5 to 22 months beyond, unruly cases from 9 to 16 months beyond, dependency, abuse and neglect cases from 9 to 19 months beyond, support modification cases from 10 to 29 months beyond, adult cases from 9 to 36 months beyond, parentage cases from 7 to 25 months beyond and reciprocal support cases from 20 to 32 months beyond. Bringing these cases to disposition must be a priority for the judges and magistrates.

The reports further indicate that the magistrates continue to handle the majority of cases at the court. Through August, the magistrates tried 92% of the cases while the judges tried 8%. The magistrates heard 97% of admissions, the judges heard 3%. The statistics submitted for 1993 and 1994 indicate a similar trend. For a statistical comparison of courts of similar size, refer to Recommendation 3.

IV. THE ROLE OF CASEFLOW MANAGEMENT IN JUVENILE COURTS

"The performance of our courts is critical, and success or failure inspires of undermines confidence in the entire judicial system. Serving the public at large includes managing the docket. There is no doubt that unless the court actively controls the progress of the cases, the caseload will control the courts."  

"Caseflow management connotes the supervision or management of the time and events involved in the movement of a case through the court system from the point of initiation to the point of disposition, regardless of type of disposition. An effective caseflow management system (or "case management system"), in addition to providing for the expeditious disposition of cases, assures:

1. Equal treatment of all litigants by the court;
2. Timely disposition consistent with the circumstances of the individual case;
3. Enhancement of the quality of the litigation process; and
4. Public confidence in the court as an institution."  

"Caseflow management is strictly a management process...[and] should not directly impact upon the adjudication of substantive or procedural issues in the litigation. The resolution of each case on its legal merits is never compromised by an effective caseflow management system."  

Caseflow management focuses on the management of the time between case events. Time should be sufficient enough to allow
preparation yet short enough to encourage preparation. Good caseflow management creates a predictable system that sets expectations and helps assure that required action is taken.

Research in the area of court delay reduction has shown that “an effectively designed caseflow management system enhances justice. It conserves resources and reduces the cost of litigation, while at the same time according each case the amount and type of court attention it requires.” Order, fairness and equal treatment are more likely when the court is responsible for case management.

“While some of the characteristics of successful caseflow management systems may differ from court to court, all of them incorporate three operational principles: the court supervises and controls the pace of litigation; there is early and active court attention given to a case; and the court sets and monitors deadlines for the completion of case events.”

In 1988, Barry Mahoney reported the findings of a three year study of case processing times in 18 urban trial courts. Ten key elements common to courts that manage their caseloads successfully were identified:

1. **Judicial Commitment** - “The most important component in the successful management of the docket is the judge’s commitment to controlling caseflow, improving the pace of litigation and recognizing his or her responsibility for eliminating delay.”

2. **Leadership** - Successful courts have judicial leadership that recognizes the court is responsible for controlling progress and avoiding delay. In those courts, a strong partnership exists between the administrative judge and the court administrator, both of whom are key to sustaining the long-term success of the system.

3. **Time Standards and Operational Goals** - Courts that are successful know what they are trying to accomplish because they have adopted time standards and goals for processing cases against which they measure themselves.

4. **Monitoring and Information System** - Caseflow management systems that monitor goal achievement and regularly review information on the progress of individual cases are a hallmark of courts that succeed.

5. **Consultation with the Bar and Court-Related Agencies** - Good communication and broad consultation between the court, the bar and court-related agencies are essential
to sustaining an effective caseflow management system "...the majority of attorneys want three things from a caseflow system: clear rules, consistently applied; trial (or hearing) date certainty; and assurance of a timely disposition."

6. **Caseflow Management Policies and Procedures** - "Case and docket management is not only the court’s prerogative, it is also its obligation." A successful court incorporates the basic principles of effective caseflow management into its policies and procedures.

7. **Administrative Staff Involvement** - Courts that succeed realize that it is critical to involve staff members at all levels in the planning and monitoring of the court’s caseflow system. Staff handle the details of court operations, and thus are key to ensuring that paperwork and information move timely through the system.

8. **Education and Training** - "If a court is to manage its caseload successfully, both judges and court staff need to know how and why to do it." Training that encompasses the fundamental elements of caseflow management and their application to daily court operations must be provided to judges, magistrates, court staff, the bar and court-related agencies.

9. **Mechanisms for Accountability** - If the court is to be held accountable for how it manages its caseload, it is critical that information on the age and status of cases be generated. Because the work of non-judicial staff impacts upon the caseflow management system, it is also important to have clearly defined (written) job descriptions, performance goals and regular performance appraisals.

10. **Backlog Reduction and Inventory Control** - Successful courts develop an effective means of avoiding future backlogs as well as eliminating the backlog of cases already in the system. The status of the pending caseload must be an ongoing concern.

V. **ISSUE IDENTIFICATION AND RECOMMENDATIONS**

The issues and examples cited below illustrate caseflow management practices that can benefit from review and revision. The Juvenile Division acknowledges certain case processing practices need improvement. The adjudication of substantive or procedural issues by judges and magistrates is not the focus of this review; most agency attorneys interviewed indicated they are very satisfied with the judges and magistrates in this area.

The Juvenile Division made some changes to its caseflow operations on July 1, 1995 when amendments to Rule 40 of the Rules of Juvenile Procedure took effect. The new procedures sought to reduce the time involved in certain case processing functions (the reviewer was not consulted about those procedures, and they were implemented after
the research for this review was completed. The court recognized that some of the new procedures might have to be amended in light of this review. The reader is referred to the Juvenile Division for further information about the implementation of those procedures. A number of staff at the Juvenile Division and agencies indicated they were not notified about the substance of the new procedures or given specific direction as to how they were to be carried out.

Many of the issues cited in this review are the result of a combination of items: a lack of communication among court departments, insufficient training, little understanding about effective caseflow management practices, inadequate supervision, an incomplete management information system and few mechanisms for accountability.

That being said, many Ohio judges, magistrates and court staff have not had the benefit of training in any number of these areas. Many judges and most magistrates have been trained primarily to decide cases, and court administrators in Ohio often have not been schooled in judicial procedures and modern administrative/managerial practices.

Given time and staff constraints, this review cannot possibly detail all of the caseflow management issues at the Juvenile Division. It focuses on issues that arose repeatedly during the interview process and examination of procedures. The Juvenile Division, in consultation with the agencies with which it works, must determine the short and long-term efforts necessary to make system improvements, and take the time to review all of its caseflow operations in greater depth that it has to date. It cannot be stated strongly enough that no new staff with caseflow responsibilities, with the exception of the proposed Director of Management Information Systems, should be hired until the Juvenile Division has thoroughly examined and begun to revise its case processing procedures and reorganized existing staff more efficiently. It will become clear from the detailed examination of each phase of the caseflow process how existing staff can best be reorganized. This review suggests ways how that can be accomplished and discusses the departments in which new staff may be needed to maintain effective and efficient caseflow management operations; it does not examine staffing needs for financial, probation or detention services.

It is unrealistic to assume that wholesale operational changes can occur overnight, but small improvements build upon one another, and recently enacted case processing improvements should be recognized and applauded.

A) COURTWIDE ISSUES

Recommendation 1: Under the guidance of the judges, the court administrator should head a committee responsible for examining each step of the Juvenile Division’s case processing operations for every case type to identify its strengths and weaknesses. The committee should document where and why problems are occurring and propose a detailed implementation plan and timetable for addressing them.
AN EVALUATION OF
THE AFFORDABLE HOUSING FUND

MONTGOMERY COUNTY, OHIO

June, 1998

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B. Background

The establishment of The Affordable Housing Fund was an outgrowth of the July 31, 1990 Report of the Task Force on Dayton and Montgomery County Low Income Housing appointed by the “Shareholders” of the Dayton Metropolitan Housing Authority. The charge of the Task Force was to “develop an implementation plan to attain a unified and efficient approach to the Dayton and Montgomery County low income housing needs. Major considerations were: 1) a regional approach that addresses both low income housing development and operations; 2) some new commitment to funding on a regional approach; and 3) regional representation.”

Five sub-committees participated in a comprehensive effort which resulted in the recommendation to form the Dayton and Montgomery County Housing Commission to serve as the umbrella organization and top ranking agency in the designated region in matters of housing. Key functions of the Commission were to:

- Develop comprehensive plans for low income housing through consensus building and partnership development among the various organizations presently involved in low income housing. Establish housing policy... Establish the “Montgomery County Housing Trust” a non-profit fund, to promote the creation and preservation of affordable housing ... The $1 million per year [from the County sales tax revenue] will be part of this trust; but importantly, additional funds will be sought from other public and private sources to leverage this fund significantly...Be responsible for the allocation of the above funds to appropriate organizations throughout Dayton and Montgomery County.

The Task Force found that the greatest need was for housing affordable to persons below 50% of the median, for SRO's with support services and for 2-3 bedroom units for very low income families. They identified the greatest barriers as affordability and social problems and saw the need for increased coordination between housing groups and human service organizations, including the linkage of support services to housing programs. They suggested that new housing production be in small neighborhood settings and recommended that future housing programs avoid geographic concentration in any location.

In September, 1994 Cleveland State University conducted a three-year evaluation of the activities of the Commission. They assessed three major areas, with the following findings: 1) the Commission was moderately successful in developing a consensus strategy among low income housing advocates and representatives; 2) it was very successful in allocating housing trust fund dollars, and 3) there were no favorable results in raising new funds from other sources to leverage the sales tax funds.

In February 1998, Diana T. Myers and Associates and Paul C. Brophy and Associates were hired to conduct a six-year evaluation of the Affordable Housing Fund in preparation for the County Commissioners' decision regarding the future of the sales tax. The Request for Proposals identified ten specific areas for the consultants to
address in the evaluation. This report, following a description of the methodology used, addresses each of these areas. The first seven issues are addressed in Section II of the report, "Impact of the Program and its Components" and the last three are addressed in Section III, "Organizational and Structural Issues".

C. Methodology

In any evaluation, the performance of a program must be assessed against some standard or set of goals and objectives. As such, the consultants used two sets of benchmarks in the evaluation of the The Affordable Housing Fund: the initial stated purposes of the Dayton and Montgomery County Housing Commission, and the ten items outlined in the Request for Proposals for the evaluation.

To ascertain information on internal systems and operations, on February 9 and 10, 1998, Diana Myers and Paul Brophy met with the evaluation committee; interviewed the AHF staff and other key personnel; assessed internal procedures, files and reports; and reviewed recently presented actions to the Board, the most recent audited financial statements, and the reporting systems of the Fund.

In addition, Diana Myers and Barbara Hodas, Senior Associate of DMA, spent March 9 and 10, 1998 in Montgomery County meeting with AHF and Montgomery County staff, conducting additional interviews and collecting and reviewing program and historical documents. All in all, 38 people were interviewed as listed in Appendix A. All of this information was analyzed and synthesized in drawing our conclusions.
II. IMPACT OF THE PROGRAM AND ITS VARIOUS COMPONENTS

A- Internal Systems and Operations

Has the Affordable Housing Fund (AHF) provided a coordinated and efficient process to help address low and moderate income housing needs in the Dayton and Montgomery County area? Is the process fair, clear and consistent? What changes would make the process more efficient? Has the AHF provided technical and financial assistance for the development of safe, decent and sanitary affordable low income housing? Is the level of assistance provided appropriate? Has the Fund preserved and expanded Housing Trust Fund dollars by leveraging private sector and foundation donations, and has the Fund effectively managed the allocation process?

Summary of Accomplishments of the AHF
The loan outputs of the Fund are as follows:

- 2025 units have been "produced", that is, either closed or in the pipeline, for an average per-unit gap financed of $3,620 as of February 28, 1998. The range of the gap financed ranges very widely—from a low of $500/unit for the 1996 Westwood deal to a high of $25,000/unit for the 1997 Accessible Double project sponsored by Miami Valley In-Ovations.

- Of the 96 funding actions taken by the Fund, 66 have been gap financing deals, or an average of 13 per year.

- The top ten gap financing deals account for 63 percent of the units funded and 43 percent of the funds were allocated for gap financing by the Fund. These larger deals are more "efficient" in the use of Fund gap financing because they are large enough to attract other sources of capital, including low income housing tax credits.

- Fund output has ranged from a high of $1,962,024 in 1993 to a low of $765,716 in 1995.

- The AHF has committed $3.4 million to projects serving special needs populations, including the elderly, utilizing approximately 46% of the housing development funds committed to date.

- Since 1993, the AHF has leveraged $90.8 million with a leveraging ratio of 1:11.2, well above the goal specified in the 94-95 Work Plan of 1:7.

- Eighty-two percent of the total grants, loans or guarantees made for any purpose by the Fund are sponsored by non-profit organizations (79 of 96).
• Approximately 51% of the funds were expended on housing projects in the City of Dayton and approximately 49% on housing projects in the rest of Montgomery County.

Summary of the Processing Steps of the Fund
The Affordable Housing Fund has developed a comprehensive process for identifying and assessing projects for funding. The internal systems exist largely to support the processing and decision making regarding the allocation of funds that are available for gap financing needed to produce affordable housing. The process has evolved over time and incorporates extensive input by representatives of public and private organizations in the community. A number of steps have been added to the process in the past several years, especially in the area of financial review, in an attempt to be more efficient and better leverage the funds allocated. Clear guidelines now exist on how each application is reviewed.

The following summarizes the current steps of the process:

1- Marketing/Outreach- Eligible projects are solicited through a combination of written and electronic mechanisms and word of mouth. Prospective applicants become aware of the availability of the Fund through fax announcements and notices, marketing brochures, an Internet website, and other housing and funding agencies in the community. The Fund faxes information on a regular basis to approximately 1000 individuals and organizations on its network. At this point, after six years of full operation, the Fund is probably known to all that need access to it.

2- Intake/Application- Initial contact is generally by phone. Staff provides technical assistance as needed in packaging good projects and going through the application process. Staff encourages new and inexperienced organizations to expand their capacity as needed, often through partnership with experienced agencies. The application is generally easy to use and understand. The electronic version, which has recently been introduced, is particularly user friendly to those organizations with the ability to use it.

3- Application Review and Approval Process-The AHF has an open application cycle. The AHF Board meets six times per year to review and approve projects. Each project is ranked against those submitted for that particular funding round. The average number of projects reviewed at each meeting is four to six.

There are currently five major steps in the project review and approval process.

a- Staff Review- The staff views itself as neutral agents in helping the board and its committees review applications and make decisions on the allocation of funds. They assess the information submitted and attempt to coach the applicant to improve the competitiveness of the application. As discussed below, a high value is placed on being fair to all applicants.
b- Housing Advisory Board (HAB) Technical Review Committee- The HAB, which is a state mandated broad based group of individuals from the housing industry, has a technical committee which reviews each application for its technical merit and competitiveness. The applicant attends the review meeting for 15 minutes to make his/her case.

c- HAB Board - The full HAB Board then reviews the application and makes a recommendation to the AHF. Applicants are also invited to attend the HAB Board meeting.

d- Finance Committee of the AHF- The Finance Committee of the AHF, which is almost identical to the Executive Committee was formed last year. It performs a second technical review, trying to "tweak the deal" and makes a recommendation to the AHF Board. The applicant is on call for questions during this meeting.

e- AHF Board- The full AHF makes the final decision regarding which projects receive approval. The applicant does not attend this meeting. If the financial aspect of a project substantially changes after approval by the Board, but before contract, the applicant must re-enter the process from the beginning for reconsideration.

4- Applicant Notification- Within 30 days of Board approval, staff issues a letter of commitment, which is good for 90 days. Following this the contract is negotiated and signed, which can take several weeks or several months depending on completion of the project financing.

5- Evaluation and Monitoring- The evaluation of procedures and forms is largely internal; staff relies upon informal feedback of applicants and periodic assessments by outside consultants, such as the recent survey done by Wright State University.

Findings

This section of the report has to do with the ratio of staff effort relative to aggregate outputs. The Fund appears to be well run, business-like in its procedures and fiscally sound. There were no material issues found regarding any inadequacies in systems or internal procedures. Staff has developed adequate systems for monitoring the Fund's overall financial status, in preparing financial and program reports, and in keeping adequate records and minutes of the actions taken by the various review committees and the Board of the Fund.

Efficiency of the Review Process

The major benefit of the current five step approval process is that the applicant organizations have ample opportunity to meet and interact with elected officials and other members of the various Boards and Committees. Concurrently, the members of the Boards and Committees are afforded the opportunity to learn about the challenges of affordable housing through real projects and organizations. This intensive
participation by the community has been described as traditional in Montgomery County and seen as a process of empowerment.

On the other hand, the current approach seems more lengthy and laborious than necessary to determine fundable projects and to prioritize projects on a competitive basis. Staff, Board, Committee members and applicants spend a great deal of time preparing for and attending meetings. This is especially true for projects that change following initial approval by the Board and must therefore go through the process a second time. While it is recognized that this process maintains a high level of participation in affordable housing and serves to educate the community regarding affordable housing issues, the goal should be to streamline the process while maintaining a high level of participation.

Two other issues should be mentioned regarding the application and review process. First, technical assistance is currently given by staff on a case by case basis; in some cases, intensive assistance is given and in others, less assistance. Clearly the provision of intensive technical assistance can be extremely time consuming and impact overall production. More thought should be given to this issue in order to determine what level of technical assistance is offered, to whom and under what circumstances. If the provision of intensive technical assistance is a high priority, expectations of staff output should be adjusted accordingly.

Secondly, the formal application process focuses solely on the financial aspects of the project and does not include any information on the experience and capacity of the applicant or the design of the units. The Fund staff generally relies upon the other funders to do the due diligence on these items. However, since one of the stated objectives of the Fund is to develop a strong customer base, it is important to include the ability to screen out groups with insufficient capacity to carry out a deal. Such information can also be useful in identifying areas of weakness and therefore in suggesting appropriate partners and/or areas of capacity building.

**Financial Leveraging**

The review of the Fund's overall operations raises issues related to a different aspect of efficiency—the use of the Fund's capital. The output figures of 1:11 produce, on paper, a very attractive leverage ratio in comparison to other loan funds reviewed.

The key question is whether the funds are used in ways that lead to the highest impact in terms of: (a) other funds used to finance the deals; and (b) the degree of affordability reached—that is, how low are the rents and sales prices of the units.

The current process of making loans and grants to applicants puts greater emphasis on user friendliness and fairness to the applicant than on seeing to it that only those funds absolutely necessary to produce housing are allocated. The staff viewing itself as neutral processing agents for the review committees underscores this value of fairness. While the neutrality of the staff in presenting deals to the review committees may make it an even playing field for applicants—a virtue in using public funds—it also limits the
ability of the staff to negotiate better terms for the projects being financed, thereby using the Fund’s gap dollars more efficiently. It also results in frustration by committee members who look to staff for recommendations.

In programs such as Pittsburgh, PA, greater emphasis is placed on driving as hard a bargain as possible, working diligently to get each partner in the transaction to go as far as possible in making the deals happen. This creative tension in the use of funds has led to creative financing approaches where banks and other lending institutions are stretching well beyond conventional norms. It is possible that if the AHF staff were charged with the responsibility to negotiate more strenuously with the applicant and the applicants’ lending partners, some deals would not require Affordable Housing Fund use at all, or the amount of funds allocated would be less.

For example, in looking at three recent tax credit deals—St. Mary’s Hoover Place Apartments, Joint Development and Housing Corporation’s Moraine Villas, and Citywide Development Corporation’s Westwood Housing Project—one notices significant differences in interest rates from the first mortgage lenders and the pay-in of proposed tax credit equity. Westwood is getting its permanent loan funds at 7 percent; Moraine Villas at 8.5 percent; and Hoover Place Apartments at 8.25 percent. Similarly, Westwood is getting an equity pay-in of 64 percent of basis; Moraine Villas, 51 percent of basis; and Hoover Place Apts., 72 percent of basis. While there may be perfectly legitimate explanations for these differences, the key point is that there does not appear to be a loop in the deal structuring and decision-making process in which these aspects of the deals are looked at carefully.

Another form of efficiency and effectiveness is the degree to which the housing units produced are affordable, either by restricting incomes and/or by using the funds to see to it that rents can be as low as possible. If the system were changed to charge the staff with negotiating for the most affordable rents possible, the programs could reach lower into the poverty populations being served. This is a form of efficiency of use of funds that may require more attention.

B- Flexibility and Accessibility

Has the AHF provided opportunities for creating flexible and accessible local housing programs for low and moderate income and special needs populations?

Findings
There was a distinct difference of opinion regarding the flexibility of the AHF staff in working with applicants. The large majority of users, especially the non-profit developers and the lenders involved in non-profit deals, felt that the staff is extremely flexible and aggressive about working out deals and willing to look at different ways of "making them happen."

Many of the non-profit organizations come to the AHF early on for assistance in structuring the financing and bringing in other local funders. In the case of the YWCA’s
renovation of their downtown Dayton facility, the AHF took a leadership role in bringing the City and County together on the project and committing the first dollars. In addition, Fund staff participated on a project task force that met every two weeks throughout the planning and development process. Miami Valley Housing Opportunities reported that the AHF met with a bank and helped the organization negotiate terms, saying "we couldn't have done it without them". Oikos CDC noted that the AHF provided technical assistance on bank underwriting standards, helped them to prepare for their presentation, and then accompanied them to their meeting with the banker. One lender interviewed stressed that the AHF staff "worked out of the box" to make the deal work.

The major exception to this opinion was among the larger City and County users. They were more likely to be requesting funds for on-going programs (such as community wide home improvement loan programs, as opposed to site-specific projects) and/or requesting assistance later in the development of a project or program. As a result, these officials sometimes characterized the AHF staff attempts to make suggestions for restructuring the financing as interference or the result of not truly understanding local needs and circumstances. In one project, the applicant complained that the AHF required targeting of funds in a way in which the community felt was inappropriate. He views the AHF as inflexible and geared too much toward private developers at the expense of public programs. The same individual remarked that the application process was cumbersome and that the AHF did not coordinate in funding the project with another lender, resulting in their project "getting caught in between the two agencies".

C- Focus on Projects with Support Services
Has the AHF focused on affordable housing projects having supportive services as part of the program?

Findings
The AHF is doing an excellent job both in supporting projects serving special needs populations and in making sure that all affordable housing projects have supportive services as part of their programs. Twenty-two of the 96 projects approved for funding, or 23%, are targeted to special needs populations. This will result in the development of 817 units for special needs populations, representing 40% of all units funded under the AHF. Special needs projects will utilize $3.4 million of program funds, or 41% of the funds committed for housing projects. Thirty-six percent of these funds were committed to projects for the elderly, resulting in the development of 472 rental units, nearly 58% of the special needs units. Other special needs projects are targeted to the following sub-populations: homeless youth, homeless women and families, persons with mental illness, persons with mental retardation or developmental disabilities, survivors of domestic violence, persons living with HIV/AIDS, teen mothers, and abused children.

The only weakness is that the AHF does not regularly request applicants to submit a support services plan as part of the application process. They do, however, suggest and encourage potential support service partners, and have facilitated the development of projects and programs for special needs populations. Specifically, they worked with
the County Board of Mental Retardation/Developmental Disabilities to encourage housing development for the MR-DD population. To accomplish this, they provided technical assistance to Miami Valley Housing Innovations, a non-profit, helping them to restructure their deals to include debt so that they would not remain totally dependent upon grants. As an outgrowth of their participation in the Task Force for the YWCA, AHF staff was instrumental in designing the Housekeys Program. Under this program, women leaving the domestic violence shelter are assisted in locating private market housing. Program participants receive two years of case management services and the landlords receive training in issues relating to domestic violence. This served as a pilot for a much larger program subsequently funded through the HUD McKinney Supportive Housing Program.

In addition to specific project efforts, the Fund staff facilitates the annual planning process for the county’s Continuum of Care application to HUD which requests funding for housing and service programs for the homeless.

D- Consensus and Collaboration Achieved

Has the AHF attained consensus and collaboration among political jurisdictions, housing providers, and financial institutions relative to resources, programs and plans? Has the Fund initiated or supported collaborative efforts among those affected by or involved in the proposal?

Findings

The Fund has done a good job in building collaboration and consensus for the development of sound local affordable housing projects/proposals. They have successfully brought together financial institutions with housing providers and have also encouraged collaboration among community organizations. For example they helped generate dialogue among community development corporations in Dayton to pursue the establishment of a loan pool so that they could all access favorable lending rates as well as CDBG and HOME funds. In addition, as in the case of the YWCA, they helped bring funding sources together to collaborate in project planning. Most recently the Affordable Housing Fund has been working with Citywide Development Corporation to foster community development through the establishment of a Community Development Financing Institution (CDFI). This program provides capital from the government to qualified CDFI’s that lend funds to provide affordable housing and to improve areas that have suffered disinvestment.

The AHF has also successfully used its public/private partnership to foster alliances among housing development and service organizations in order to enhance services to project residents. The Housekeys program described above is a good example of this. The Fund has also played a role in educating the county and city leadership and raising their consciousness regarding affordable housing. They have brought new ideas to the community such as by inviting David Rusk, a nationally known expert in housing and community development, to meet with local officials and housing professionals. They have also brought presenters in from Indianapolis, Louisville and Hamilton in an attempt
to generate discussion and problem solving on affordable housing issues and offered an affordable housing workshop for community development corporations.

However, due to the lack of a strong mandate to play this role, the Fund has not succeeded in bringing together the various political jurisdictions to develop long term, strategic plans and policies for affordable housing. Although the Fund has coordinated activities and brought together groups for educational purposes, this has not translated into joint planning or policy-making. In fact there is a glaring absence of comprehensive, coordinated planning in the region at the present time. The only comprehensive planning being done is that mandated by HUD through the Consolidated Plan process, which is being done separately by the County and the City of Dayton. The AHF has been unable to bridge this gap.

This lack of comprehensive planning has a negative impact on all the affordable housing development in the region. With no long term planning, and consequently no countywide housing strategy, the expenditure of AHF dollars is largely guided by the work plan in the annual contract between the County and the Fund. A review of the work plans revealed that they focus on production goals for permanent and transitional/special needs housing and housing-related services as well as a mandate to develop additional sources for increasing the capitalization of the Fund. The work plans also include specific activities such as the requirement in 92-93 and 93-94 to conduct a survey and prepare a regional housing program directory as well as the development of a countywide CRA effort. The 95-97 Plan included encouraging specific, strategic housing development via RFP and the 97-98 Plan included exploring specific, strategic housing development through Community Focused Housing. Although the 94-95 plan included the formulation of a long-range strategic vision for the Housing Commission, the process was neither comprehensive nor inclusive enough to provide the long-term, coordinated direction that is needed.

E- Incentives and Programs Created Through the Fund
Has the AHF worked with other private and public institutions for the creation of incentives and programs for housing (i.e. major corporations, financial institutions, city governments, and major foundations?) Would these programs have been available without the Fund?

Findings
As described above, the Fund’s major role has been the provision of gap financing to individual affordable housing projects. As such, they have functioned more as a responder than an initiator of financial incentives, requests for proposals and programs. Given the lack of clear area-wide policies and priorities, this is a reasonable position to have taken.

Closely related to the ability to create incentives and programs is the ability to bring in additional public and private resources to supplement the $1 million of County funds. The Fund has made no real progress in this area. There are two major reasons cited by
staff for this failure. First, until recently there was no pressing need to bring in additional resources since the Fund had ample capital for grants and loans. Second, prior to this year the staff did not feel that the Fund's underwriting standards were well enough developed to impress potential private funders. Now that they have improved their underwriting standards and skills, they feel that they have earned the respect of the financial community and are in a better position to aggressively pursue other resources and to develop new programs.

In fact, several lenders interviewed expressed an interest in working with the AHF to develop special citywide or countywide initiatives. Specifically, they would be interested in pursuing a targeted loan pool similar to County Corp's home improvement program, in which underwriting criteria are relaxed, interest rates lowered, etc. The financial institutions see the AHF playing the same role as the Downtown Dayton Partnership in spearheading the recently approved $33 million downtown loan pool. The establishment of a pool for soft second mortgages might also be considered. The key for lender participation is that the Fund must clearly demonstrate the need for new programs and initiatives.

The AHF is taking several major steps in order to position itself to generate additional revenue and take advantage of future federal and other opportunities. The AHF in partnership with Citywide Development Corporation is developing a joint strategic investment initiative in the Southern Dayton View and Old Dayton View areas of Dayton to stimulate development and subsequently the demand for credit in economically distressed communities.

Overall, it is not possible to answer with certainty the hypothetical question of whether these efforts would exist without the Fund. Without question, the Fund has made a contribution in advancing program ideas and in funding of individual housing programs.

**F- Impact on Shortage of Affordable Housing**

*Has the AHF had an impact on the shortage of affordable housing and on substandard housing in Montgomery County since it began its operation?*

**Findings**

In order to determine the impact of the AHF on the shortage of affordable housing in Montgomery County, we looked at statistics on cost burden provided in the Consolidated Plans for Montgomery County and Dayton. We were only able to determine the degree of affordability problem in 1990, where over 20,000 very low and low income households were severely cost burdened (paying more than 50% of their income on housing). To date the AHF provided affordable housing for 2,025 households, meeting approximately 10% of the need. While there remains a substantial number of households needing affordable housing, this is an important inroad. Increased production in future years will result in a yet more significant impact on housing affordability.
Similarly, in looking at the impact of the AHF on housing condition, we reviewed statistics on substandard housing provided in the Consolidated Plans and compared these with the number of units rehabilitated through AHF funds. The breakdown of new construction versus rehabilitation in Dayton and the balance of the County is as follows:

<table>
<thead>
<tr>
<th></th>
<th>New Construction</th>
<th>Rehabilitation</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dayton</td>
<td>259 units</td>
<td>860 units</td>
<td>1,119 units</td>
</tr>
<tr>
<td>Montgomery County</td>
<td>663 units</td>
<td>131 units</td>
<td>794 units</td>
</tr>
<tr>
<td>Total</td>
<td>922 units</td>
<td>991 units</td>
<td>1,913 units</td>
</tr>
</tbody>
</table>

Note: The remaining 112 units funded were for other than rehab or new construction. Most were closing cost assistance.

In Dayton, based on the 1993 Exterior Annual Housing Conditions Survey, 23% or 13,666 units are substandard. AHF funds were used to rehabilitate 860 units. In the balance of Montgomery County, there are 5,000 substandard units and the fund rehabilitated 131. Therefore, the Fund has not had a great impact in reducing the number of substandard units. In our view, due to the limitation of funds available, impact in this area can best come through targeted neighborhood efforts that result in units financed by others after the Fund has primed the pump.

Developers of larger rehabilitation projects in the City of Dayton, such as Timber Creek Apts. and Western Manor, felt that the rehabilitation of their projects has made or will make a strong statement and have neighborhood spillover effects in terms of reduced drug traffic and crime. One developer indicated interest in becoming involved with the rehabilitation of other buildings in the same neighborhood. In addition, through their participation in housing development funded by AHF, and as a result of the technical assistance provided by program staff, NDC’s appear to be increasing their production with the goal of having a major impact on the housing market in their communities.

Based on available information, there is no evidence of projects being concentrated in specific neighborhoods, nor has the Fund initiated a geographically targeted RFP to encourage neighborhood impact. As described above, however, they are now investigating, with Citywide, the potential of targeting investments to stimulate the market in Southern Dayton View and Old Dayton View.

A key issue with regard to the impact of the Fund on the shortage of affordable housing is the definition of affordability and to which income group units should be targeted. The question is whether the lowest income groups should be targeted (below 50% of median income), or whether affordability to low and moderate income (50% to 80% of median) is sufficient. This is obviously a critical issue, since targeting lower income households generally requires greater subsidy per unit. This issue is especially controversial with regard to the use of Fund dollars to lower the rents of tax credit projects, since some feel that Fund dollars should not be used in this way. It should be noted that in Ohio, if the rents in tax credit projects are subsidized below 40% of the median, the funder must
do its own enforcement and filing of deed restrictions. This is clearly a disincentive for the Fund to go below this threshold.

**G- Fair Housing Impact**

Has the AHF supported fair housing practices, affirmative marketing and fostered the disbursement of affordable housing throughout the community?

**Findings**

The Fund generally relies upon other funding sources to enforce compliance with Fair Housing Laws, through a combination of regulation and application requirements. Since most of the projects assisted through the Fund also have federal funding, they would be required to comply with applicable federal Fair Housing Laws and regulations. The Fund's initiative in this area is limited to a clause in their contracts which requires recipients to "at all times manage the Project in compliance with the United States and State of Ohio 'Fair Housing Laws' and affirmatively market to all eligible beneficiaries in a non-discriminatory manner."

Early on, the Fund entered into discussions that resulted in a policy to balance the funds between the lower income urban areas for revitalization and the county areas to encourage disbursement. However, due to the lack of projects submitted for approval during these years, this policy had little impact. However, over the total six years it appears that this policy has been subtly applied, since 51.5% of the funds have been allocated to housing projects in the City of Dayton and 48.5% of the funds to housing projects in the county.

There is no indication that the Fund dollars were consciously used to foster the disbursement of affordable housing throughout the community. However, a recent analysis comparing tax credit projects which received assistance from the AHF with those which did not, found that most of the AHF assisted units were outside of the City of Dayton. It was found that 35% of all households in AHF funded projects moved from inside to outside the City and that "with few exceptions, the areas into which households moved have lower poverty rates, higher median incomes, higher median rents, and lower percentages of incomes paid for rent. Except for Western Manor, LIHTC projects are located in areas that have a greater percent of white households than the block groups from which households are moving. For housing developments with a significant number of minority households, this represents greater integration. But for developments which have few, if any, minority households, this represents greater segregation. In this regard there is a significant difference between AHF-funded projects, with 80% minority households, and non-AHF housing developments with 13% minority households."

Thus it might be concluded that a certain amount of disbursement has taken place, even if it was not the result of specific policy decisions.
III. ORGANIZATIONAL ISSUES

A- Reasonableness of Operating Costs
How do the operating costs of the Fund compare with those of comparable programs in other communities?

Findings
The consulting team selected four housing funds as benchmarks to compare AHF’s costs and outputs. The four selected, San Antonio Housing Fund, Cincinnati Development Fund, Housing Development Fund of Lower Fairfield County (Stamford, CT), and the Delaware Community Investment Corporation are all sized about the same as AHF.

The following is a comparison of operating budgets among comparable programs:

- Montgomery County AHF: $256,900 Fiscal 97-98
- San Antonio Housing Trust: $235,000 (+$45,000 for HOME CHDO – special initiative)
- Housing Development Fund of Lower Fairfield County (Stamford, CT)
- Delaware Community Investment Corporation
- Cincinnati Development Fund: $225,000

As the table in Appendix B indicates, the Affordable Housing Fund compares quite favorably to the others. Operating costs range from a low of $235,000 to a high of $300,000. AHF is at $257,000 annually. In addition, the AHF has produced far more loans and grants (96) than any of the other programs. AHF’s loans and grants are smaller on average than those in Delaware and Cincinnati, where three times the amount of capital has been allocated.

Overall there should be no question that the Fund is at least as efficient as the other funds from an operating cost standpoint.

B- Duplication of Effort
Has the Fund performed a unique and desired role in the community, unduplicated by other organizations or agencies? Should the AHF remain a separate organization or be merged with another to reduce operating costs or improve efficiency?

Findings
Despite the existence of five other agencies in the community engaged in affordable housing, the Commission was established as a separate non-profit organization with a
majority of public sector board members. The history of the AHF enlightens why it was initially established as a separate entity. In its initial deliberations, the Low Income Housing Task Force sought to create a regional housing agency which would involve the consolidation of the Housing Authority, Citywide Development Corporation, and County Corp. However, a number of legal impediments in housing authority law prevented this consolidation. For this reason, and the fact that the religious and business leaders wanted the entity to maintain an arms length relationship with the local government agencies, the Housing Commission (later the Fund) was established as a separate entity. At the same time, the public officials wanted to ensure sufficient board oversight of the public funds to be administered, thus maintaining a public majority among the members. In many ways this has been a positive feature, since developers like the relative autonomy of the program.

Overall, the Fund has served a unique and desired role in the community. The other agencies in the community that have similar functions and expertise include:

- Dayton Metropolitan Housing Authority
- County Corp
- Citywide Development Corporation
- Montgomery County Department of Community and Economic Development
- Dayton Department of Community Development

While some of the individual activities of the Fund may be duplicating functions of these other agencies, its overall authority and purview are unique. It is especially unique in that the AHF has the authority to operate in both the County and the City of Dayton. The only other entity with that broad of a purview is the Metropolitan Housing Authority, which concerns itself primarily with the development, operation and management of public housing.

Citywide has jurisdiction only in the City of Dayton and is currently focusing on commercial, economic and neighborhood development activities, while County Corp serves as an implementation arm of the County DCED, administering housing, economic and community development programs in all areas of the County except Kettering and Dayton. They also serve as a nonprofit developer, building tax credit and other rental and sales housing projects. As such, County Corp is currently also a user of AHF funds, which would create a conflict if it also took on the role as funder.

Some of the interviewees stated that they think the AHF should be merged with County Corp since many of the functions are the same and administrative costs could be saved through such a merger. Others do not see County Corp as a policy-making or decision-making body. Nor are they seen as a lender or underwriter. Rather, its strength is perceived in its roles as a developer and in administering owner-occupied housing rehabilitation and other public programs. In addition, certain Dayton officials fear that a merger of AHF with County Corp would have a negative impact on their interests.
Despite the Fund's failure to serve as a regional housing umbrella organization, they are still seen by many as having a much broader purview than the other local housing agencies. Due to this and to the fact that no other existing organization seems better suited to take on this role, unless a much larger reorganization of the affordable housing functions of the County and City is undertaken, we would not recommend the merger of the AHF with another agency as a cost saving or efficiency measure. The operating costs of the AHF are comparable to other programs of their size and the administrative cost savings of a merger are not great enough to warrant such a change. Much greater savings can be realized through efforts to maximize the leveraging of Fund dollars and by focusing on the generation of additional public and private resources to the Fund.

C- Role in the Affordable Housing Community
Does the community view the AHF as a critical and necessary piece of the funding mechanism for low and moderate income housing?

Findings
The funds from AHF are indisputably a critical and necessary piece of the affordable housing picture in Montgomery County. Time after time, developers— both nonprofit and for-profit— affirmed that their projects would not have been possible without the AHF fund dollars and/or the assistance of the AHF staff in pulling the pieces together. Even when the Fund contributed a relatively small portion of the total cost of a project, the contribution was considered significant in that it leveraged other funds. This was especially true when the Fund approval came early in the financial packaging process. Even in the cases where developers felt the project might have proceeded without Fund dollars, they recognized that the financing would have taken a much longer time and the deal might have been much more complex.

Equally as important, their role in the provision of technical assistance and making deals happen was seen as critical. St. Mary Development Corporation found the AHF's assistance in "running the numbers" extremely helpful and commented that "Bill knows all of the bankers and when to go to them." Old North Dayton Corporation found technical assistance provided by the staff especially helpful in areas such as finding rental rate comparisons, finding current area median income data, etc. Several lenders also maintained that deals would not have happened without the Fund, seeing the new loan guarantee as especially effective.
IV. CONCLUSIONS, FUTURE DIRECTIONS AND RECOMMENDATIONS

A- Conclusions

Seven years ago the Montgomery County leadership made a remarkable commitment to allocate $1 million per year for ten years of local revenues for affordable housing. It is a substantial commitment, especially given the size of Montgomery County. It is clear to us, based on discussions with the key leadership involved with the Fund, that Montgomery County officials have not given themselves credit for making such a commitment and living up to it. This is a major accomplishment relative to what other cities and counties have done.

With the first $8 million of these funds (including dollars that revolved back into the Fund from the repayment of loans), the AHF has produced over 2000 units of affordable housing in the County, making a significant dent in the shortage of affordable housing. Although the Fund clearly has its supporters and detractors, there was unanimous consensus among those interviewed that the funds allocated for affordable housing through the AHF are critical. There is also widespread agreement that the Fund has done a good job in providing gap financing for affordable housing projects in the County. In its role as housing finance agency, the Fund has accomplished many of its initial goals. It has done a good job in responsibly allocating the fund dollars to eligible projects. The projects are fiscally sound. On a deal by deal basis, it has done a more than credible job, having established reasonable technical and underwriting criteria for each project.

It has also been strong in other areas, especially in the area of providing training and technical assistance to the neighborhood development corporations and others in bringing the key parties to the table and making deals happen. The AHF has served as a forum for the education of the community on affordable housing issues, both by sponsoring speakers, and through the applications review process itself. Staff does extensive networking in the community and attends many functions in an attempt to keep abreast of current affordable housing needs and issues and to inform the community about the availability of the Fund.

However, despite these many accomplishments, there appears to be a muted level of support and pride for the accomplishments of the AHF. The reason for this is directly related to the general sense of disappointment the public officials express concerning the overall evolution of the program. What was viewed as a new umbrella organization—the centering point for housing policy and programs in the City and County—is now perceived as a sixth affordable housing agency, carrying out a specific program without a larger plan and vision for overall progress.

We share the view that the umbrella organization never materialized. The Fund could be accomplishing more. It has evolved into an agency that is spending a good bit of its time justifying its existence and fighting off real or perceived threats to its existence or turf. While some would lay blame for this set of circumstances on the staff, our view is
that a much larger issue needs to be addressed if Montgomery County is to get the return it seeks from the commitment of funds it continues to make.

**Fragmentation**

_The critical issue that must be addressed is the lack of long and short term planning and the establishment of clear policies to guide the allocation of funds._ Despite individual agency efforts to reach out and coordinate over the past several years, housing policy such as it is, is being done through the Consolidated Plans required by HUD. However, these plans are fairly general in nature and don't include the level of strategy and action plans needed to guide decisions such as geographic targeting. In addition, the Consolidated plans, done separately by the City and the County, neither coordinate with each other nor approach issues on a regional level.

A key stumbling block is the fragmentation among the various local jurisdictions, particularly between the County and the City of Dayton. One of the reasons for the fragmentation is the inherent policy conflict that exists regarding affordable housing issues. Differences in the demographics of the population, the housing stock, and neighborhood characteristics lead to different goals. This is especially true with regard to the targeting of funds, the types of projects funded (especially for special needs populations), and the amount and type of subsidies needed (loans versus grants).

There is a real question whether these disparities can be reconciled under the umbrella of the AHF or any other single entity, for that matter. On the other hand, without agreement on policies regarding these issues there can be no true regional planning or affordable housing program.

This lack of regional cooperation is acknowledged by most of the key players in affordable housing. When asked to describe the current regional affordable housing planning process, most said that none currently exists. It was strongly stated that there is no road map for the future of affordable housing. As such, there is no consensus among the members of the affordable housing community regarding what the AHF should be doing. While there have been good policy discussions at the HAB—such as on racial dispersion, the use of Fund dollars in LIHTC projects, and the impact on the Fund's activities on vacant DMHA units—no long-term policies have been established.

**Resource Development and Financial Leveraging**

The Fund has fallen short in two other areas: 1) maximizing the amount of dollars leveraged in the specific deals financed; and 2) attracting other public and private resources to the region for affordable housing. Although nearly $91 million has been leveraged by the $8 million committed, a very favorable ratio of 1:11, the _maximum_ leveraging of dollars has not occurred. While major steps have been taken in this direction, for technical and political reasons, every deal is not pushed to the maximum. This is not surprising, given the public grounding of the Fund. The County appears more concerned with administrative efficiency than with the maximum leveraging of every dollar that is commonly the goal of privately driven efforts.
Despite the high leveraging ratio in individual projects, virtually no outside resources have been brought into the Fund for allocation to additional projects. The Fund staff admits they were not ready to pursue additional resources until a year and a half ago, but they are currently taking steps to develop new public and private resources. They are seeking certification as a CDFI in order to establish a revolving loan fund and are also exploring a loan guarantee program, both efforts that will position them to take advantage of future opportunities.

While the AHF has taken initial steps to address the areas of resource development and leveraging, it is not entirely in their power to address the lack of coordinated planning and policy making in the region. This is a matter that requires the mandate of the public officials and full support of other housing agencies and housing industry members.

B- Future Federal Movements

The consultants were asked to inform the County about future directions on the federal level that might impact the AHF. The Fund was created at a time of significant change in the federal housing programs. Over the past four years, in particular, we have seen a remarkable shift in federal policy from a continuation of the programs initiated in the New Deal to bi-partisan efforts to make dramatic changes in federal housing programs and policies. The key elements of the current federal programs that have relevance to the Fund include:

1- The federal low income housing tax credit is now more stable than it has been since its formulation, and the aggregate value of the tax credit available in each state has increased as well. The stability of the program has also led to far higher efficiency in the pay in of equity based on tax credit allocations. This means that the Fund’s ability to successfully work with tax credit-financed rental housing will continue for the foreseeable future.

2- The Community Reinvestment Act has spurred a great deal of activity on the part of regulated financial institutions to invest in low-income housing and in distressed areas. This CRA movement is strong and will continue. It gives the Fund an opportunity to work aggressively with lending institutions to get commitments on lending and investing in affordable housing.

3- Secretary Cuomo’s direction setting at HUD includes the issuance of SuperNOFAs that combine groupings of programs into one solicitation. This is administratively more efficient for HUD. The SuperNOFA approach also indicates that there is a renewed focus on place-based activities. These include the use of economic development initiative (EDI) funds and Brownfields funds—both of which are elements of neighborhood improvement efforts. This means that the need for planning and targeting in Montgomery County is heightened. The concentration of housing, economic development, and Brownfields improvement could lead to a significant funding
opportunity for Montgomery County. A commitment of Fund resources into such an improvement program should improve the chances of funding from HUD.

4-The future of the Community Development Financial Institutions Program is less certain. This program provides capital from the government to qualified CDFIs that lend funds to provide affordable housing and to improve areas that have suffered disinvestment. The CDFI program could be very helpful to the Fund if it were reconfigured to qualify as a CDFI, provided the program continues. It would be wise to monitor the CDFI program to see whether it receives continuing appropriations, since this may be an opportunity for federal funding for the work of the Fund.

C- Recommendations

1- Continue to provide County funds for affordable housing

First and foremost, we recommend the continuation of County funding for affordable housing through the County sales tax or other source of revenue. While the first $6 million has made a dent in the shortage of affordable housing, there is still a strong demand for funds to address the large unmet need. The importance of these funds, both in addressing the need and in leveraging other dollars, is indisputable.

2- Invigorate a planning process that uses affordable housing funds as part of a larger strategy for improvement of housing and neighborhoods in Montgomery County.

There is no apparent strategy behind the work of the Affordable Housing Fund. The staff and board put out guidelines and take in proposals consistent with the guidelines, and make loans or grants to groups that are working on affordable housing. While the projects funded may be good in their own right, they do not add up to anything broader. Instead, affordable housing should be made a high priority for the entire community. Affordable housing funds should be used to proactively tackle the problems of particular population groups and/or particular communities that need an infusion of funds to remedy distressed housing conditions.

We recommend institution of a comprehensive community-wide planning process that clearly brings together all the jurisdictions in the county to identify common goals, objectives, priorities and policies. While the right nucleus of people is involved in affordable housing efforts, there is no current centering point for such a planning/policy/strategic process, and one needs to be created. The kind of process that is needed goes beyond the normal production of a Consolidated Plan to meet HUD requirements. It needs to be an active, openly debated and strongly analytical process that makes choices about how best to use scarce resources. Without such a plan and process, the possibilities for getting as much impact as possible from the Fund are limited—and the initial high expectations of the Fund’s founders will continue to go unmet.
We recommend that this be accomplished through an annual retreat process that would bring together the key public officials and housing industry representatives. The HAB and especially its Policy Committee, which meet state statutory requirements, should be an integral part of this process. Its members represent the broad spectrum of housing interests in the region and they have knowledge of the issues that need to be addressed.

As stated above, in order for this approach to be successful, there must be a strong mandate from the public officials and full support by other housing industry representatives in the region. We strongly urge the County and City elected officials to take a leadership role in making this happen.

3. Privatize the Fund and create a set of housing partnerships that go beyond what exists now.

In many cities and counties around the country, government has joined forces with neighborhood groups, banks, businesses, advocates, and others to tackle housing needs and improvement strategies for communities. Various parties bring their strengths to bear in what is a well-led effort to generate commitments and to use public and philanthropic funds as efficiently and as effectively as possible in achieving the goals of the partnership. We do not discern such an effort in Montgomery County, another unrealized hope of the formation of the Affordable Housing Fund.

Our perception is that while the Fund was established as a non-profit, separate from county government, the presence of a number of public officials on the board effectively makes the Fund an arm of County government. Its chief values seem to be government agency values: be fair to all applicants, get the money allocated, etc. Less important to the County seems to be: getting as much from the banks as possible, getting commitments from companies, neighborhood groups, churches, and others to be partners in the work of the Fund.

In our view, the County's efforts would be better served by "privatizing" the efforts of the Fund. If the Fund continues in its current form, the Board should be restructured to be privately led, including the addition of business representatives. The presence of City and County officials should be limited, and not in board leadership positions. The purpose of this is to bring a private-sector orientation to the work of the Affordable Housing Fund, one that is more aggressive in its deal-making capability, that brings standards of accountability to bear on the staff, and one which can draw private sector partners in to the Fund. The Fund's effort to seek status as a CDFI is a move in this direction, and in fact, a private board is a requirement for organizations seeking CDFI certification.

4- Streamline the operations of the Affordable Housing Fund to increase its efficiency

Given that the Fund's source of revenue is public dollars, and its board is largely public officials, it is not surprising that the Fund puts a high value on fairness. However, it may lead to more efficiency and greater outputs if the ethic of the Fund could be shifted so
that efficiency of use of funds in each deal were to be more balanced with fairness and better terms from other partners could be crafted. This approach, coupled with shortening of the review process, would increase overall efficiency.

We recommend that the Fund staff be further empowered to help each applicant to get the best financing terms possible, so as to minimize the need for funds from the County's resources. In order to maximize efficiency, one staff person should be charged with coordinating with other City and County agencies which may be funding the same projects, both in scheduling and in negotiating deals. With this role, the leverage of the public funds might be significantly increased and therefore be available to subsidize more units.

A number of specific changes are recommended which will have a significant impact on simplifying and shortening the application review process. In general we suggest that the review process be modified to include the following:

a- Technical review by staff to ensure consistency with guidelines, underwriting standards and policy, resulting in recommendations to HAB and Board
b- Review and recommendation by the HAB to resolve any policy questions or conflicts and make recommendations to AHF Board
c- Approval/disapproval by the Affordable Housing Fund Board

This process would eliminate the technical review by the HAB Technical Committee and the Finance Committee of the Board of Directors, since the staff technical review and recommendations would replace these. It is important to note that the policies and priorities identified during the planning and strategy development process outlined above would guide this review process. This combination of factors should result in less discussion of policy and priorities at the review meetings, thereby reducing the frustration of some of the review committee members caused by the lack of clear policies to guide their actions.

We also recommend streamlining the process by reducing the number of application cycles from six to four times per year. We believe this will still be responsive to the needs of applicants while being much more efficient for staff, committee members and applicants. In short, this should lighten the load without significantly affecting the feasibility of projects waiting to get into the pipeline.

In addition, we recommend several changes to the application itself in order to improve the quality of applicants and projects. First, we suggest that a numerical rating system be developed which reflects not only underwriting standards but also the capacity of the applicant. The application should be revised to include information that can be used to determine the applicants' strength in these areas. For organizational capacity we suggest obtaining information on experience in housing development, housing management, and support service provision. Capacity can be by the applicant itself or through partnership with another entity. Some attention to review of the quality of design of the units should also be considered.
Finally, we recommend that the Fund continue to educate the Human Service Fund about the importance of supporting services in housing projects and that the Fund staff encourage applicants to seek service dollars from other sources. The Fund dollars should only be used to directly support services in exceptional circumstances—such as for demonstration projects or when no other funds can be found.

5- Aggressively pursue additional public and private resources for affordable housing

The Fund should become more entrepreneurial in attracting additional public and private resources for affordable housing. In general, we recommend a resource development strategy which is built around specific projects or neighborhood developments, such as the Dayton View project. The activity currently underway to become a certified CDFI is also in the right direction. Such an approval would position the Fund to match federal funds with private investments to increase the overall pool of funds available for affordable housing.

In addition, more aggressive activities to engage the lending institutions in committing to affordable housing via special mortgage products; below-market construction financing, etc. would go a long way to making the Fund’s dollars go further. The cost of private capital would be less, and therefore, the need for AHF funds reduced.

6- Develop a better coordinated housing delivery system

Finally, the consultants were asked whether the AHF should be merged with another agency to reduce operating costs or improve efficiency. The answer to that question is "no," especially if the sole motive is to save administrative costs. We believe that the cost effectiveness of successful leveraging of other public and private dollars can far outweigh the savings gained through even the most conservative program administration. Although costs savings through better sharing of resources should certainly be explored, we recommend that emphasis be on aggressive activity in pursuing additional outside resources and through better leveraging.

We were not asked the larger question of whether the overall housing delivery system in Montgomery County needs to be overhauled. It is very apparent to us that a great deal of the Fund’s energy goes into establishing and maintaining working relationships with other housing groups. Even with a more solid strategy and plan as described above, we doubt whether the current fragmented set of organizations is capable of carrying it out.

There is no system for overall orchestration of activities that we can see; no single person or agency is in charge. We therefore recommend that at a minimum, the key city and county officials empower someone to oversee and direct a monthly meeting of the key agencies, in effect creating a Housing Coordinator that seeks to get these organizations working in a more coordinated fashion. This may have some positive results.
However, a more dramatic change in the organizations is likely needed in order to get far more impact in the County. A well-led organization that is charged with the development and execution of a multi-faceted housing strategy may be more what is needed. This may mean that one, two or more of the existing housing organizations should be merged. If this were to occur, a single coordinated application process for affordable housing might be developed for the region in which all funding sources (AHF, CDBG, HOME, etc.) would be coordinated and clearly guided by the policies and priorities established at the annual community wide planning retreat. Application deadlines and requirements could be coordinated and the process made much more approachable by developers and financial institutions.

Although we do not know whether there is willingness to actively pursue such an approach, it carries with it the promise of more dramatic results. We urge the Commissioners to recall the same vision and leadership exhibited in establishing the Fund, to meet these challenges and prepare Montgomery County for the twenty-first century.
APPENDIX A

INTERVIEWS

THEAFFORDABLEHOUSINGFUND EVALUATION

Rita Bowen, Oikos, CDC
Clarence Bowman, HAB, Past Chair AHF
George Brack, Chair HAB, Citizens Fed Bank
Steve Budd, CityWide Development Corp
Kevin Carver, former County CD Director
Charles Curran, County Commissioner, AHF Board
Beth Deutscher, Lutheran Social Services
Jack Dustin, Wright State University
John Ewers, Habitat for Humanity
Marti Goetz, Miami Valley In-Ovations
Marlene Flagel, HAB President, County Corp
John Haddick, founding Chair AHF
James Hickey, HAB member, Home Builder
Jeff Ireland, Board Chair AHF
Mary Sue Kessler, HAB member, National City Bank
Linda Kramer, YWCA
Roberta Longfellow, Housing Administrator Community Development Office
Dean Lovelace, City Commissioner, AHF Board
Don Lucas, County Commissioner, Former AHF Board member
James McCarthy, Miami Valley Fair Housing Center
Robert McGloughlin, MAS Timber
Bootsie Neal, City Commissioner, AHF Board
Daniel O’Donnell, Bank One
Ron Parker, County Community and Economic Development Dept Director
Vicki Pegg, County Commissioner, AHF Board
Eric Phillips, City of Trotwood
Bonnie Pittl, City of Kettering
Gary Roan, Key Bank, Board of County Corp
Kenneth Rothchild, P&R Housing Group
Bill Simon, AHF Director
Dan Swan, Miami Valley Housing Opportunities
Michael Turner, Mayor, City of Dayton, AHF Board
Roland Turpin, HAB member, Dayton Metropolitan Housing Authority Director, Board of County Corp
Van Temple, Old North Dayton CDC
Joe Tuss, Director, City Department of Community Development
Don Vermillion, past County Administrator
Christine White, Miami Valley Fair Housing Center
Sr Rose Wildenhaus, HAB member, St. Mary Development Corporation

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# APPENDIX B

## SUMMARY OF INTERVIEWS WITH OTHER LOAN FUNDS

<table>
<thead>
<tr>
<th>Fund Name/Location</th>
<th>Yr Formed</th>
<th>Operating Budget</th>
<th># Staff</th>
<th>Yr 1st Loan Committed</th>
<th>Source of Capital</th>
<th>Initial Capitalization</th>
<th># Loans/grants To Date</th>
<th>Total Amt Loans</th>
<th>Av. Annual Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montgomery Cty Affordable Hsg Fund</td>
<td>1991</td>
<td>$266,900</td>
<td>3-4</td>
<td>1983</td>
<td>County Sales Tax</td>
<td>$10 million</td>
<td>96</td>
<td>$9,285,653</td>
<td>91,661,111</td>
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<td>Montgomery County, Ohio</td>
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<td></td>
</tr>
<tr>
<td>San Antonio Housing Trust</td>
<td>1988</td>
<td>$235,000</td>
<td>3-4</td>
<td>1989</td>
<td>Cable TV Franchise</td>
<td>$10 million</td>
<td>33</td>
<td>$4,190,527</td>
<td>465,614</td>
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<tr>
<td>San Antonio, Texas</td>
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<tr>
<td>Hsg Dev Fund of Lower Fairfield Cty</td>
<td>1989</td>
<td>$250,000</td>
<td>3</td>
<td>1990</td>
<td>Lender Loan Pool</td>
<td>$8.5 million</td>
<td>16</td>
<td>$9,000,000</td>
<td>1,125,000</td>
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<tr>
<td>Fairfield County, Connecticut</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delaware Community Investment Corp</td>
<td>1989</td>
<td>$300,000</td>
<td>3</td>
<td><strong>1994</strong></td>
<td>Lender Loan Pool</td>
<td>$22.4 million</td>
<td>22</td>
<td>$21,000,000</td>
<td>5,250,000</td>
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<tr>
<td>State of Delaware</td>
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<td></td>
</tr>
<tr>
<td>Cincinnati Development Fund</td>
<td>1989</td>
<td>$225,000</td>
<td>3-4</td>
<td><strong>1989</strong></td>
<td>Lender Loan Pool</td>
<td>$4.5 million</td>
<td>25-30</td>
<td>$25,000,000</td>
<td><strong>2,777,778</strong></td>
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<td>4 Counties in Ohio and 3 in Kentucky</td>
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</tbody>
</table>

* Initially 6 bank lender pool administered by lenders, reorganized to 37 bank fund

** Closed in 1991 and reorganized

*** Beginning with 1989

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MONTGOMERY COUNTY AFFORDABLE HOUSING FUND

INTERVIEWS WITH OTHER LOAN FUNDS

Contact Name: Tim Hathaway, Executive Director

Program: San Antonio Housing Trust
San Antonio, Texas

Phone #: 1-210-225-4761

Background: The San Antonio Housing Trust (SAHT) was formed in 1988 and made its first loan commitment in 1989. It was initially capitalized with $10 million from the city as a result of the sale of the cable TV franchise. The mission of the fund is "to provide decent and affordable housing opportunities for low, moderate, and middle income families; and to effect the revitalization of the neighborhoods and downtown area through housing activities."

Although the SAHT is permitted to lend the principle of the trust fund, they only lend on the interest earnings of the fund, awarding loans on an annual or 18 month cycle depending on the availability of funds. The SAHT only conduct a funding round when they have $900,000 to $1 million, therefore, the rounds do not coincide with other funding cycles. Fund dollars are typically the last in the deal, generally to make a deal work or to increase the affordability of a project. Projects are competitively ranked with leveraging and capacity being key ranking criteria. While the Trust provides both loans and grants, grants will rank lower because the Trust is looking for a return on their investment. In the early years of the Trust grants were awarded for shelters and Habitat for Humanity. They are still available for special needs housing.

Staffing: The program is staffed by three to four people at any given time with an operating budget of $235,000 which is taken from the earnings on the Trust. The staff positions are:

1. Executive Director: The Executive Director reports to the Board. He has 15 years experience as a housing developer with experience in commercial revitalization and adaptive reuse as well as experience as a neighborhood advocate.

2. Program Officer: Because the fund has infrequent application cycles, staff operate other programs during less busy times. The Program Officer has many different roles including running the HOME CHDO allocation for the City of San Antonio for which the City pays $45,000 in operating support. The Program Officer also implements the agencies public/private partnerships, write grants and runs the "Parade of Homes" in conjunction with the Homebuilders Association.

3. Office Manager/Bookkeeper: This is a part-time position. The auditor suggested subbing this out and hiring an Executive Assistant to share the work of the Executive Director.
4. Receptionist: This individual serves as file clerk, takes minutes at Board meetings, etc.

5. Subcontract employee: The fund subcontracts with an individual for credit counseling and homebuyer intake.

6. Loan Processor: This is a new position to be filled shortly.

How Requests are Processed: As described, the Trust puts out an RFP when the Trust has approximately $1 million in earnings. They typically receive 14 applications and fund 5. The process which takes approximately 9 months is as follows:

1. The Board votes for a funding round.
2. A resolution goes to City Council for the funding round.
3. An RFP is put out for 30 to 60 days.
4. The proposals are reviewed by staff and the Board.
5. There are two Board meetings to review proposals. The applicants are present at the Board meetings. The Board members tour all proposed projects and have the option of one on one meetings to interview applicants.
6. The Board makes funding recommendations.
7. The staff negotiate with the developer and make a preliminary commitment
8. The recommendations go to City Council:
   - To the Housing and Neighborhood Action Team which has representatives from all housing programs and meets every two weeks.
   - To the Housing Task Force of City Council, a five member subcommittee that meets monthly.
   - To City Council for vote
9. Money is transferred to the Foundation

Composition of Board: The Trust is run by an 11 member Board selected by City Council.

Lender involvement in the program: Lenders do not have direct dealings with the housing trust fund, however, there are lenders involved in most deals.

Biggest challenges:
- The program needs to operate in a cost effective, accountable manner and simultaneously fit in with the pressures of working with the City and the private sector.
- The need for funds outstrips their ability to provide funding.
MONTGOMERY COUNTY AFFORDABLE HOUSING FUND

INTERVIEWS WITH OTHER LOAN FUNDS

Contact Name: Joan Carty, Executive Director

Program: Housing Development Fund of Lower Fairfield County
Stamford, CT

Phone #: 203-969-1830

Background: The Housing Development fund of Lower Fairfield County (HDF) was formed in 1989, making their first loan commitment in 1990. The HDF makes pre-development and development loans. Its initial capitalization was $8.5 million from member institutions. The loan pool is now $11.4 million from a consortium of banks and corporations. Under a master loan agreement every member of the consortium lends on each deal according to their pro-rata share of the pool. To date HDF has made 16 loans ranging from $100,000 to $1.5 million to both for-profit and non-profit developers. The bulk of their business is with for-profit developers who have the capacity to move quicker and operate in the competitive Fairfield County real estate environment. HDF targets at least 20% at or below 50% median, 60% to 51% to 80% of median and the balance to 80-100% median.

The goals of the Fund are to expand the inventory of affordable housing and to provide Technical Assistance to developers, both for-profit and non-profit.

Staffing: The program has three full-time staff with an operating budget of $250,000 which is generated by spread income, fees and grants.

1. Executive Director: The Executive Director is responsible for making all executive decisions, fundraising, marketing the program, overseeing the staff, making presentations to the Board and loan committee, reviewing mortgage proposals, and monitoring income and expenses.

2. Loan Officer: The Loan Officer is responsible for applicant intake and underwriting and providing technical assistance to applicants.

3. Office Manager: The Office Manager is responsible for administrative tasks.

How Requests are Processed: Developers submit an application complete with verifications similar to a bank mortgage application. The loan committee which is composed of representatives of the lenders in the loan pool reviews the applications and makes recommendations to the Board for approval.
The HDF works with the community development staff in Stanford and Norwalk, releasing funds under the same formula and using the same rehab specialist.

**Key lessons learned while working at the fund:** It would be helpful to have grant funds or a trust fund mechanism that will allow them to do deals that do not have sufficient equity for HDF's underwriting criteria.

**Biggest challenges:** They are working in a very expensive real estate market and there is no governmental commitment to affordable housing.
MONTGOMERY COUNTY AFFORDABLE HOUSING FUND

INTERVIEWS WITH OTHER LOAN FUNDS

Contact Name: Doris R. Schneider, Chief Operating Officer

Program: Delaware Community Investment Corporation
Wilmington, DE

Phone #: 302-655-1420

Background: The Delaware Community Investment Corporation (CDIC) was formed in 1989 to finance and invest in housing and related activities benefiting lower income people and areas in Delaware. The fund provides permanent loans for acquisition, rehabilitation and new construction of multifamily housing. CDIC was initially a six bank lender pool administered by the lenders themselves. In 1994, it was reorganized into a multi-bank CDC. It now has 37 participating banks and manages an equity pool as well as a loan fund, providing two thirds of the equity utilized in Low Income Housing Tax Credit projects in Delaware. The loan pool is capitalized with $22,395,000 and the equity fund is capitalized with $10,670,000 from member banks. An additional $1,200,000 for operations is generated from sale of stock to banks. They provide the permanent financing for all tax credit projects in the state. The average loan is $1 million to $1.5 million.

CDIC was established for the development of affordable housing and then added a commercial development program. Currently the CDIC's priority is projects for the elderly.

Staffing: CDIC has three full-time staff and utilizes the services of consultants as needed. The operating budget is $300,000.

1. CEO: The CEO handles all underwriting and investing.

2. Assistant: The Assistant calls for advancements, services loans, conducts semi-annual site visits, and analyzes quarterly reports.

3. Administrative Assistant: The Administrative Assistant handles all administrative responsibilities.

4. Consultants --
   1. Attends construction progress meetings
   2. Helps with the Equity Fund with responsibility for underwriting and negotiating with developers
   3. Attorney assists with negotiations
How Requests are Processed: The Loan Committee which consists of seven bank representatives meets to underwrite loans. The Executive Committee of the Board which consists of bankers ratifies the Loan Committee's recommendations.

The key lessons learned while working at the fund: The hardest part was setting up a multi-bank CDC. They thought they could get fast approval but OCC took six months for approval.
Contact Name: David Wohl, Director

Program: Cincinnati Development Fund
Cincinnati, Ohio

Phone #: 513-721-7211

Background: The Cincinnati Development Fund (CDF) was formed in 1989 to finance affordable housing and revitalization of low-income neighborhoods in the Cincinnati area. The Fund offers short term adjustable rate loans and long term fixed rate loans for rehabilitation and new construction of multifamily and single family housing. Predevelopment loans and grants, funded through CDBG program income are available to nonprofit borrowers in the City for single or multifamily development. The Fund serves a seven county area, four counties in Ohio and three in Kentucky.

The program closed down briefly in 1991 because a large number of projects were not proceeding due to the lack of capacity of the developers. The CDF now works closely with each applicant to put together the financing and to increase the capacity of project sponsors.

The CDF is capitalized by 14 local banks and S&L’s which purchase participation in each CDF loan from the pool. The CDF generally commits the first dollars to a project as a catalyst for other funding sources but they are the last dollars actually put into the deal. CDF has made 25-30 loans to date with the average loan amount of $600,000 to $700,000.

Staffing: The Fund has three full-time and one part-time staff person with an annual operating budget of $225,000 from net interest on loans, loan fees, and consulting revenue.

1. Director and CEO: The Director and CEO implements overall policy. He makes recommendations to the Board, underwrites loans, makes recommendations to the loan committee, looks for deals, looks for new initiatives, and consults to other financial institutions. He provided consulting services for the development of the underwriting manual for the Montgomery County Affordable Housing Fund.

2. Asset Manager: The Asset Manager was promoted from administrative assistant to handle the following responsibilities:

   - To service loans and receive payments, inspect properties, make sure taxes and insurance are paid and escrow maintained. She is the prime contact with the borrowers.
   - To handle project bookkeeping.
3. Construction Loan Administrator (part-time): The Construction Loan Administrator is responsible for the construction loan disbursement process. Tasks include getting titles updated, inspections, making sure the banks provide their portion of each draw.

4. Administrative Assistant: The Administrative Assistant is responsible for all project administration.

**How Requests are Processed:** The application process is informal. The borrowers bring their deals in for review and they work it up together. Once both the borrower and the Fund staff are comfortable with the deal, it is presented to the Loan Committee which approves most deals that are presented to it. The projects then go to the Board for final approval. The Board is composed of lenders, realtors, representatives of CDCs, and a lawyer.

**Key lessons learned while working at the fund:** Even the best deals can go sour. The key to success is being in your borrowers face all the time.

**The biggest challenges:**

- Finding deals.
- They are working in a small community where borrower capacity is a major issue.
- Because they do not have "free money" like a fund capitalized through tax revenue they cannot tailor loans to borrowers' needs.
Best Practices Report to the Regionalization and Land-Use Subcommittee
Best Practices Report to the Regionalization and Land-Use Subcommittee

September 1998 ~ 98-C17

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Economic Development
Overview

The Montgomery County General Fund Planning Committee (GFFPC) consists of 25 public-, private-, and civic-sector leaders throughout the county and is responsible for prioritizing issues, exploring alternatives and solutions, and providing recommendations that will guide development of the county's ten-year financial plan. Montgomery County has contracted with the Indiana University Center for Urban Policy and the Environment to facilitate this process.

As part of this process, the GFFPC has divided into three subcommittees: Criminal Justice and Human Services, Economic Development/Amenities and Regionalization and Land Use Planning. The Regionalization and Land-Use Planning Subcommittee has asked the Center to discuss best practices for the cooperation of counties and cities in the areas of: land-use planning; integration of city and county building regulations into one-stop centers; the combination/consolidation of city and county jail beds for cost savings in both jurisdictions; Brownfield development; and integration of city and county water utility systems.

This report contains an overview, three parts, and a conclusion. Part I presents an overview of intergovernmental cooperation and discusses specific examples in four cities and four service areas; Part II discusses integration of city and county water utility systems; and Part III discusses Brownfield development.
Part I:
Regionalism and Intergovernmental Cooperation in Four Metropolitan Areas: A Preliminary Analysis of Four Specific Services
Introduction

This is a preliminary study of intergovernmental cooperation in four metropolitan areas (Indianapolis, Minneapolis/Saint Paul, Louisville, and Nashville) with a special focus on four particular government functions (land-use planning, building permits, economic development, and jails). The purpose is to provide leaders in Montgomery County with information on which to base further deliberations and decisions. This introductory section describes intergovernmental cooperation in general terms and shows the various possible dimensions of cooperation. Following sections describe cooperation in each of the four areas and in each of the four public services.

Although cooperation among a region’s political, social, and economic institutions has a longstanding history, competition among them is more common. Much regional cooperation has occurred as a result of individuals and organizations establishing relationships to satisfy their own objectives and needs. Thus, much of the current cooperation is occurs between business firms or philanthropic organizations rather than political jurisdictions. Indeed, it is likely that there are many examples of regional cooperation among the firms and organizations of Dayton and Montgomery County. Most successful cooperative efforts have similar characteristics; principally the use of a forum to define a commonly held set of performance goals and expected outcomes and a structure that meets the needs of the participating parties. While simple in form, a successful interjurisdictional cooperation presents many challenges.

The focus of the following document is a discussion of interjurisdictional regional cooperation. First, an overview of regional cooperation is presented. The overview defines interjurisdictional cooperation, identifies five likely objectives of cooperative efforts, discusses levels of political autonomy and their impact on cooperation, and describes four possible outcomes or benefits of cooperative efforts. It is important to understand that the success of any effort to engender interjurisdictional cooperation is likely to be determined by the public acceptance of the value of the expected outcome.

In the rest of Part I, the focus is on formal interjurisdictional cooperation in Indianapolis, Louisville, Minneapolis–St. Paul, and Nashville. Public- and private-sector officials in the four areas were asked to generally describe the level of cooperation generally and to elaborate on four specific services: land-use planning, building regulations, economic development, and jail space. Those interviewed also were asked for their opinion as to how well the cooperation is working, what isn’t working, what they would like to see changed, and to describe the impetus for cooperation. Appendix A lists those interviewed, as well as sources of further information.

An Overview of InterJurisdictional Cooperation

As previously stated there is a longstanding history of cooperation among regional political, social, and economic institutions. While previous cooperative efforts may have been the result of firms and individuals seeking to achieve their own agenda, recent calls for cooperation are based on the belief that the political, social, and economic well being of the cities and suburbs always have
been linked. Proponents of the current call for regional cooperation encourage the city and its suburbs to develop a shared sense of destiny and to work together to solve the region's problems and develop the assets of the entire region.

**Interjurisdictional Cooperation Definition**

Many of the problems associated with any discussion of interjurisdictional cooperation lie in the lack of a common definition of what is meant by cooperation and what form it may take. A formal definition views interjurisdictional cooperation as occurring when localities, to further shared objectives, cooperate with regional planning councils, nonprofit corporations composed of business and governmental leaders, business councils, informal alliances, cross-sector and multijurisdictional approaches to regional development, inter-local agreements, or regional plans. In simple terms, interjurisdictional cooperation can take on many forms ranging from a formally adopted metropolitan government to a highly informal regional citizens council. Interjurisdictional cooperation can be limited to public sector efforts to provide or produce services, form interjurisdictional planning districts, or fund economic development projects. In other cases, interjurisdictional cooperation may be limited to the private firms of an area banding together to engage in joint research and development activities that may provide them with a competitive advantage. In still other cases, the public and private sectors may join forces and participate in public-private cooperative arrangements. The common link among all forms of interjurisdictional cooperation is the act of working together to achieve common or shared objectives. Finally, interjurisdictional cooperation can and does occur among jurisdictions within one county as well as among jurisdictions throughout a metropolitan region of several counties.

**Five Possible Objectives of Interjurisdictional Cooperation**

Although the use of a common definition of interjurisdictional cooperation is helpful, much discussion and to some extent the level and form of interjurisdictional cooperation achieved will be dictated by the degree of consensus surrounding the shared objectives and the level of autonomy those participating wish to retain.

The following five possible objectives of interjurisdictional cooperation are arrayed according to the amount of political resistance likely to be encountered (low to high) while attempting to achieve each objective.

1. **Mutual Gain** - this occurs when all jurisdictions expect to receive benefits, a common example is a large economic development project that promises to generate broad regional economic impact.

2. **Common Infrastructure** - this objective usually meets with low political resistance because all parties are assured of receiving infrastructure benefits, political resistance is especially low with the provision of new infrastructure.

3. **Access to Existing Facilities** - the changing of patterns of access to an existing facility or resource is likely to result in an altered perception of winners and losers. Logically, those currently perceived as winners are likely to resist change.

4. **Distribution of Revenues and Resources** - a change in the distribution of current revenues will result in a changed perception of existing winners and losers. The citing of future resources that will benefit some areas more than others is also likely to encounter resistance.
5. Redistribution of Resources - the redistribution of resources from wealthy areas to less wealthy areas is likely to meet with the highest level of political resistance.

Three Levels of Local Autonomy
The level of local autonomy left to the jurisdictional cooperators also may affect adoption. The following levels are presented from highest to lowest level of local autonomy retained.

1. Coalitions and Alliances - informal organizations that allow members to pursue any strategies about which they agree.
2. Metropolitan Chambers of Commerce, Regional Economic Development Agencies, University Research Centers - these are all forms of cooperation engendered by a nonprofit organization convincing local governments to exchange some autonomy for the benefit of cooperation.
3. Metropolitan Governance and Fiscal Equalization - the administration of services and finances at a formal regional level transfers the most authority away from local governments and is likely to meet with the most resistance.

Outcomes or Benefits of Interjurisdictional Cooperation
The potential outcomes or benefits of cooperation also may be thought of as the reasons to pursue cooperation. Cooperation for cooperation sake is not a likely rallying point. The following four outcomes are suggested as reasons to pursue interjurisdictional cooperation.

1. Economic Development - cooperative efforts to improve the region’s business climate, capture new firms, retain existing business, and eliminate interjurisdictional competition.
2. Municipal Services - economies of scale in providing or producing public services leading to improved cost efficiency or better services.
3. Environmental considerations - improved environmental quality through cooperative efforts.
4. Sociopolitical outcomes - inducing widespread citizen participation, public decisions, and developing more inclusive input mechanisms.

In the final analysis, it is difficult to separate these four outcomes. Increased citizen participation may lead to improved public services, that in turn improves the region’s business climate.

Summary
There is no "one best way" to achieve interjurisdictional cooperation, its form is produced by local political cultures and local needs, which combine to define both the structure and the goals of cooperation. There are, however, some common traits that most successful cooperative efforts have exhibited.

1. The creation of forums for the discussion of regional issues.
2. The influence of an important outcome or goal that serves as a unifying rally point for cooperation.
3. There are a limited number of forms of regional cooperation – ranging from low-risk, informal coalition building with little reduction of local autonomy to formal, interlocal agreements that reduce the autonomy of all participants.

As with outcomes, it is difficult to separate these common traits for it is likely that the quality of the regional discussion will determine the quality of the goal or rallying point, which in turn will dictate the form of the interjurisdictional agreement.

Cooperation in Four Metropolitan Areas

This section briefly describes each of the four metropolitan areas in the study and the current state of regional cooperation in each. All of the metropolitan areas include several different counties, but in three of them there is very little inter-governmental cooperation outside of the central county. All of the central counties, in spite of various degrees of consolidation between the major city and the county, contain other municipal governments. The issues of city/county cooperation between the major city and the major county of each metropolitan area are central to this analysis. But these issues must be seen in the context of cooperation in the larger region and among other units within the central county.

Indianapolis

In 1970 the city of Indianapolis was merged with most of the rest of Marion County, Indiana, to form a limited metropolitan government called UNIGOV. Although the executive and legislative branches of local government were merged, some key services were not. Over the years additional service functions have been taken on by the city/county government, but police and fire protection remain separated. Local school districts always have been independent of other local governments and have remained separate. Today the city of Indianapolis has nine different school districts within its boundaries, the Indianapolis Public Schools serve the area of the pre-1970 city and eight township school districts serve the outlying parts of the current city. There are four municipalities in Marion County that were not included in the 1970 merger and retained almost all city-level functions. These cities make up less than ten percent of the current county population. Two of these maintain their own school systems, bringing the total number of school districts in Marion County to eleven. Other public services including police and fire protection are not unified within Unigov. The overlap among the various service-providing districts produces 63 different taxing districts within Marion county, each with a unique set of service providers. The current mayor of Indianapolis also is the county executive, but the four excluded cities have their own mayors and legislative bodies. The full story of UNIGOV: Local Government in Indianapolis and Marion County, Indiana (Blomquist and Parks, 1993) is presented in Appendix B.

Since 1970 the region has expanded beyond Marion County and the current metropolitan statistical area (MSA) includes nine counties. Three of these collar counties have been among the 100 fastest growing counties in the U.S. since 1990. Marion County population has remained

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1 Although UNIGOV was the official name of the consolidation, people in Indianapolis seldom, if ever, use that term today. More common names include “the city” and “the city/county” and occasionally “the consolidated city/county.” We will use UNIGOV in this study because it is convenient and because other authors continue to use it.
essentially stable. The solution to regional issues that was appropriate in 1970 has become increasingly irrelevant as the region expands. Today there is increasing interest in cooperation in the greater Indianapolis area, especially in the area of economic development. As the Indianapolis area nears 30 years experience with limited metropolitan government there is interest in furthering intergovernmental cooperation within Marion County and some interest in extending it to the entire region.

**Minneapolis/Saint Paul**

The Metropolitan Council was established in the 1960s to provide a vehicle for regional concerns in the area. It is one of the most well-known examples of regionalism in the U.S. and is very unusual among American local governments. The Metro Council is an independent government unit with its own taxing powers. It is a special purpose unit and has not superceded any of the general purpose governments (cities, counties, etc.) in the region. Over the years its functions have increased and it is now responsible for land-use planning, wastewater services, public transit, regional parks, housing assistance, and other services throughout the region. In addition to providing services directly, the Metro Council provides information and coordination for services provided by other governments in the region.

The Citizen’s League, an independent non-partisan public affairs association, has been influential in regional issues in Minneapolis/Saint Paul. It has operated since 1952 as a “think tank” and convener around regional issues. For example, it was involved in the process that led to the passage of the Fiscal Disparities Act of 1971 that established a regional program of tax-base sharing. Under this program the growth in industrial and commercial taxes are partially shared among all jurisdictions in the region to dampen intra-regional competition for development. See Appendix C for a full description of the Fiscal Disparities Program.

Although the level of regional cooperation has been high in Minneapolis/Saint Paul compared to other American metropolitan areas, many common regional problems persist in the area. Disparities in local government finance remain and populations requiring high levels of public service continue to be concentrated in a few jurisdictions. There continue to be cases of wasteful intra-metropolitan economic development competition. The regional organizations in the area recognize the remaining problems. Having well-established regional organizations like the Citizens’ League and the Metropolitan Council may give the Minneapolis/Saint Paul area an advantage in the future.

**Louisville**

In 1985 the Louisville-Jefferson County Compact was enacted to reduce conflict over annexation issues and to extend regional cooperation in several service areas. The compact also included provision for limited revenue sharing between the two jurisdictions. See Appendix D for further discussion of the compact. Louisville and Jefferson County also have a joint Planning Commission and a Metro Sewer District operates as a utility under both the City of Louisville and Jefferson County. Other services have been considered for city/county consolidation including public works, building permits, code enforcement, and police. A report on possible police consolidation has just been released. Full administrative merger of the city and county has been put to a public referendum and defeated twice in the past.
Jefferson County includes 93 jurisdictions other than the city of Louisville, but the majority of cooperative efforts have involved only Louisville and the county. The metropolitan area also includes two other counties in Kentucky and four others in Indiana. One of the few truly metropolitan-wide agencies is the Kentuckiana Regional Planning and Development Agency (KIPDA) whose main function is transportation planning. There seems to be relatively little other regional cooperation between the Kentucky and Indiana portions of the metropolitan area. This may become problematic as the Indiana portion accounts for about one-fourth of the metropolitan population and includes some high-growth areas.

**Nashville**

A Metropolitan Charter became effective in 1963 uniting Nashville and Davidson County into a single government. Metro provides consolidated land-use planning, building regulations, jail space, economic development, and many other services. Ten incorporated cities in Davidson County (that now represent about ten percent of the county population) were allowed to keep providing whatever services they provided at the time of consolidation. They cannot add services and previously unincorporated areas cannot incorporate. The Metro consolidation included zoning, planning, police, and fire, but it did not include schools.

There are two taxing districts in Metro. One covers the entire county and its revenues are used to provide general government, health department, police, courts, jails and other countywide services. The other taxing district is the Urban Services District. Property owners pay an additional tax above the countywide tax. Within the district some of the services are provided at a higher level (such as fire protection) and some services are provided that are not provided outside (including municipal garbage collection). Originally, the Urban Services District was the old Nashville city limits but it has become much larger over time with annexation. Annexation must be approved by a majority of the property owners.

Many utility districts were formed around the county when the city and county were consolidated. Over the years most have been assimilated, some have been willing sold to Metro while others were taken over leading to some bitter arguments. Some of the water and sewer companies taken over were in poor condition even lacking records of the location of pipes, resulting in the need to use metal detectors to map the pipes. Repair of these systems and retrofitting areas lacking sewers has led to high debt for Metro and high customer rates.

Metro’s experience indicates that the more fragmented a service currently is, the harder it will be politically to consolidate it. But when consolidating a service, do as much as possible all at once rather than incrementally. Another lesson learned is that whichever government is taking over services, if it involves infrastructure, it would be wise to assess the current conditions of that infrastructure and project future costs of assuming that responsibility.

In the Nashville area, as in Indianapolis, development is occurring mostly beyond the limits of the consolidated government. Area-Wide Sewer Planning began in 1972 covering Davidson and five adjoining counties. There is little other cooperation in the larger Nashville area and outlying counties are experiencing problems associated with growth. Property tax bases are inadequate in some areas, but the availability of a local option sales tax benefits areas with retail development.
Cooperation Services

Land-Use Planning
The importance of regional coordination of land-use planning has long been argued. Benefits from such coordination can include fewer conflicting land uses and a more efficient use of public service infrastructure. Regional planning has been required for assistance under various federal and state assistance programs. Many urban regions have agencies for regional land-use planning, but the relevance and enforcement of the plans they produce vary widely. The cooperation of government units in the planning process is only one requirement for success. In the American system of government and the U.S. economy successful regional planning depends greatly on the extent to which government agencies and the private sector can cooperate.

Building Regulations
The purpose of coordinated building regulations is to simply facilitate development by private-sector firms and individuals. Although simplification of building regulations can occur without intergovernmental cooperation, a coordinated administrative effort may lead to greater conformity and facilitated development.

Economic Development
The history of local government economic development activity in the U.S. largely has been one of individual governments competing against all others for the jobs and tax base represented by the attraction and retention of industry. Intergovernmental cooperation in the area of economic development commonly occurs via agreements to limit interjurisdictional competition of this kind. In other cases intergovernmental cooperation serves to promote the region as a whole. Promoting this cooperation is one important role of regional government units. In most cases, promotion of the region as a whole is pursued by private organizations such as chambers of commerce with the cooperation of the single dominant local government in the region. Private-sector organizations are necessary for establishing commonality of interest among local businesses in economic development. The most successful cases may be regions in which both the private-sector interests and public-sector interests are coordinated. Appendix E presents A National Profile of Selected Approaches to Regional Cooperation for Economic Development (Nunn and Rubeske, 1994). This report includes a typology of economic development organizations and descriptions of 19 examples from around the U.S.

Jails and Community Corrections
Among the four service areas discussed in this study, jails may be the area of greatest intergovernmental cooperation. There seems to be widespread consolidation of this function at the county level throughout the U.S. Although some municipalities still maintain jails or lock-ups separate from county facilities, this is no longer common in larger U.S. cities. This area is one where government is usually the direct supplier of service although contracting with private organizations has become more popular in recent years.
Land-Use Planning

At least some aspects of land-use planning and zoning are consolidated at the county level in Indianapolis, Nashville and Louisville and at the metropolitan level in Minneapolis/Saint Paul. In all of the areas, even those with city/county government consolidations, some local governments retain some planning and zoning functions.

Intra-County Cooperation

Indianapolis city and Marion County planning and zoning were consolidated in 1955 under the Metropolitan Plan Commission. With the advent of UNIGOV in 1970, the organization became the Metropolitan Development Commission. It is staffed by the Department of Metropolitan Development. In addition to supporting planning and zoning the department executes the licensing and permitting functions for construction, demolition, and rehabilitation of buildings. It also administers public housing in the county.

The Metropolitan Development Commission adopts the Marion County Comprehensive Plan, the basis of land-use regulations. The Commission has the power to designate boards that hear and decide requests for variances or rezoning of parcels of land, and to review those decisions on appeal. It also has the power to declare portions of Marion County as redevelopment areas, to approve redevelopment plans for those areas, and to acquire and sell properties to implement the development plans.

Separate boards of zoning appeals exist for three of the excluded cities within Marion County, Beech Grove, Lawrence, and Speedway. The decisions of those boards can be appealed to the metropolitan board. It is important to remember that “metropolitan” in this context refers only to Marion County within the nine-county Indianapolis metropolitan area. Outside of Marion County the major cities and towns have planning and zoning and most of the other eight counties have zoning for the areas outside of these cities and towns. None of these plans are subject to review by the “Metropolitan” Development Commission.

Louisville and Jefferson County have a joint Planning Commission that has been operating since the 1960s even though the city and county have never merged. The Commission’s staff prepares the comprehensive plan for the county and administers zoning for the city and the county. Twelve cities other than Louisville in Jefferson County have their own zoning ordinances. The Jefferson County Fiscal Court has authority to hear zoning appeals. The Metropolitan Sewer District operates as a utility under both the city of Louisville and Jefferson County. The Sewer District has its own land-use regulations. In the Louisville area transportation planning is done by the Kentuckiana Regional Planning and Development Agency (KIPDA). KIPDA is the only planning agency that has the entire metropolitan area, including the four counties in Indiana, as its focus.

Regionwide Cooperation

In the Minneapolis/Saint Paul area, the Metropolitan Council reviews plans of all the cities within the metropolitan area. It does not, however, have final authority in the cities’ zoning decisions. However, the Metro Council does have some authority over development throughout the area. The Council is the direct provider of wastewater services throughout the metropolitan area and
the Metro Land-Use Plan designates a Metropolitan Urban Service Area (MUSA). The designation of the MUSA line can affect, but not totally determine, the location of new development.

Building Regulations

Rationalization of the building permit process is an important issue in all four metropolitan areas. In Minneapolis/Saint Paul the permit process has been streamlined among the various agencies within most of the major government units, but there has been little coordination among different units of government. In Louisville, while some other functions have been combined between the city and county governments, permits are still handled separately by each unit. A study of possible reform of the permit process in Louisville and Jefferson County has been completed and the Louisville-Jefferson County Planning Commission is evaluating the recommendations of the study. UNIGOV in Indianapolis has had experience with a unified permit process for several years. The rest of this section describes that effort in detail.

Indianapolis/Marion County has 29 development permissions, put on the books at various times by different agencies in response to different needs. Efforts are underway to simplify and make provisions more uniform, while responding to new regulatory needs, especially in the environmental area. While all the departments that required these permits were consolidated under Unigov, at one time they were spread throughout the city-county building. A taskforce of the greater Indianapolis Progress Committee (GIPC) recommended a one-stop shop for permits. The original design of the one-stop shop was simply to have a central location for all employees of the various departments who handled permits. It did not work well to have the employees of the one-stop shop all reporting to different individual departments. Now all the employees of the one-stop shop work for the Department of Metropolitan Development.

Some of the features of the current permitting process include:

- Cross training of plan reviewers to perform multiple reviews. This change has resulted in most customers being able to work with one plan reviewer to obtain all needed permits.
- Combining application forms. This change has resulted in less paperwork, fewer documents being retained via document imaging and eliminating the requirement of customers adding the same information to different applications.
- Creating a "Master Permit." This one permit is a combination of seven permits that were previously required to build new single-family residences. This master permit concept may soon be used to combine permits for other types of projects.
- An ombudsman role has been identified to assist on problem cases.

Additional improvements have been made thanks to upgrades in technology, most notably in the way information is entered, stored and retrieved using the current permit program "Tidemark." This program ties all personnel and departments involved in the permit process together. The one-stop shop also maintains a web page through which it is possible to submit permit applications on-line.
Economic Development

Economic development organizations in all four areas recognize the importance of a regional perspective. The economic unit to be developed in all cases is the entire regional economy. A fundamental problem in all regional economic development efforts is that few, if any, political units speak for the region as a whole. Although all four areas have government consolidations of some type, only the Metropolitan Council in Minneapolis / Saint Paul is a government unit that covers the entire local economy. While the Metro Council seeks to coordinate economic development policy among government units, the units (primarily cities) maintain separate economic development policies and programs. The Metro Council, while having a wide geographic coverage, is only a special purpose government unit and lacks the economic and political power to be a decisive unifying force in the region’s economic development. Even in Minneapolis / Saint Paul the fundamental problem of intra-metropolitan competition for economic development remains. This is illustrated by a recent attempt by one city to lure a software company from another city in the region using traditional economic development incentives.

Attempts have been made to reduce incentives for intra-metropolitan competition for economic development in two of the areas. These are the tax-base or revenue sharing programs in Minneapolis-Saint Paul (see Appendix 3) and in Louisville-Jefferson County (see Appendix 4). The consensus is that these programs have helped, but have not eliminated competition. The most effective regional economic development programs (see Appendix 5) have united government and private sector interests in public-private partnerships. In these partnerships, government interests are best served when one government actor can consolidate sufficient political and economic power.

In the Louisville area the Louisville-Jefferson County Compact established a joint economic development agency, the Louisville-Jefferson County Office for Economic Development (OED). Shortly after the Compact in 1988 Louisville area business leaders created a new organization separate from the local Chamber of Commerce called the Greater Louisville Economic Development Partnership. This organization functioned as a successful business recruiter for the area and was supported by several local government units including the City of Louisville, Jefferson County, and Jefferson Town. The state of Indiana was even an indirect supporter of their efforts which included help in attraction of business to the Indiana portion of the area. Although there was apparently some inter-state cooperation in a few projects, the Indiana portion of the area has separate economic development efforts centered around the Southern Indiana Economic Development Council.

Recently the Greater Louisville Economic Development Partnership has merged with the Louisville Chamber of Commerce to form Greater Louisville Inc. Greater Louisville Inc. is also in the process of taking on some of the functions of OED. It is possible that the city will soon decide to merge OED into Greater Louisville Inc. If that comes to pass, one organization will house most of the economic development activities, both private and public, in the Kentucky portion of the metropolitan area. While this is an encouraging story of increased cooperation, many economic development practitioners in the Louisville area think that full city / county
consolidation is an essential next step for truly effective regional economic development. The rest of this section discusses how the consolidation of the office of the Mayor of Indianapolis and the County Executive of Marion County under UNIGOV has increased the effectiveness of government in economic development strategies in the Indianapolis region.

The unification of Indianapolis and Marion County under UNIGOV has greatly increased the abilities of local government to affect economic development. See the section on economic development in Appendix 2 for a description of how the consolidation did more than just allow the city to count development in formerly suburban areas as its own. Two changes were particularly important. The consolidation of the city and county executive made the mayor’s office powerful enough to become a real player in economic development. The mayor’s office has been able to actively participate in a number of successful ‘public-private partnerships’ in economic development over the years. The Indianapolis Economic Development Corporation with representation from the local business community and the city has been the instrument for a number of these partnerships. The establishment of the Capital Improvements Board (CIB) provided a public sector developer to oversee major projects. The CIB is a special purpose municipal corporation that predates Unigov. It was created in 1965 to oversee the construction of the Indiana Convention Center. The CIB is only indirectly controlled by the mayor and the council via appointments to its board and by some degree of budgetary review. Since 1982 the CIB has been funded by a county wide sales tax initiated to fund the bonds issued for the development of the Hoosier Dome (now the RCA Dome). Other major projects with CIB involvement include Market Square Arena, the City Center and Pan American Plaza, Capital Commons, Victory Field, and the new Conseco Fieldhouse opening in 1999 as the home of the Indiana Pacers.

The four ‘excluded cities’ within Marion County also have their own development interests. The closing of Fort Benjamin Harrison in Lawrence led to the establishment of the Fort Harrison State Park and also created development possibilities on parts of the site not transferred to the state. As county executive, the mayor of Indianapolis also has an interest in development in Lawrence and his priorities have not always been the same as those of the Mayor of Lawrence. The Indianapolis mayor’s (county executive) office was also active in efforts to retain the US Army Finance Center, a large government facility in Lawrence adjacent to the former Fort Harrison. In the latter case, the interests of the Indianapolis and Lawrence mayors coincided.

Inter-county cooperation in economic development has been rare among local governments in the Indianapolis region, but that is beginning to change. As the developed area has spread far beyond the borders of Marion County there is increasing interest in common economic development goals. In 1993 MAGIC (Metropolitan Association of Greater Indianapolis Communities) was established to provide a forum for development issues that affect the collar counties as well as Marion County. Also, an attempt is being made to develop a regional citizens’ organization for central Indiana on the model of the Citizens’ League in Minneapolis / Saint Paul. This organization, the Central Indiana Regional Citizens’ League (CIRCL), grew out of a regional study and conference sponsored by MAGIC in 1996.

One significant inter-governmental cooperation in economic development is the recent 96th Street project. This street forms the border between Marion and Hamilton Counties and it lies in an area of both high economic growth and poor traffic patterns. The project has created an entire
new traffic and commercial corridor. It includes a new bridge over the White River, street widening, and the creation of two separate but coordinated, tax increment financing (TIF) districts, one in each county.

Jails and Community Corrections

In all four of the areas in this study jails are consolidated at the county level of government. Although city jails and lock-ups were common at one time, the jail function has largely become a county function throughout the US. Longer term incarceration, usually one year or more, is typically handled by state-funded correction systems. Figure 1 shows that of all state and local corrections expenditures in the US in 1993 (the latest available year), only 7.2% was by municipalities. This percentage has been falling over time and is probably lower today. The percentage of spending at the county level has been increasing. In Ohio and in all the states where our comparison metropolitan areas are located, the percentage of corrections spending by municipal governments was below the national average. In Ohio the percentage was only 2.7 percent and there was essentially no such spending in Minnesota. While this data is only available at the state level, it is also true that there are no jail facilities maintained by municipal governments in the central counties of any of the four comparison metropolitan areas.

**Figure 1:**
Percent of Total Corrections Expenditures 1993 by Level of Government

<table>
<thead>
<tr>
<th></th>
<th>All US States</th>
<th>Ohio</th>
<th>Indiana</th>
<th>Kentucky</th>
<th>Minnesota</th>
<th>Tennessee</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>64.7%</td>
<td>70.2%</td>
<td>72.7%</td>
<td>70.3%</td>
<td>49.6%</td>
<td>66.1%</td>
</tr>
<tr>
<td>Counties</td>
<td>28.1%</td>
<td>27.0%</td>
<td>20.9%</td>
<td>27.5%</td>
<td>50.2%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Municipalities</td>
<td>7.2%</td>
<td>2.7%</td>
<td>6.4%</td>
<td>2.1%</td>
<td>0.0%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

In most cases of city/county government consolidation the police function was not consolidated, but the jail function was. The exception was in Nashville where both police and corrections were merged. There the Metropolitan Government Charter separated the basic law enforcement function (in a new Metropolitan Police Department) from the corrections function (in the Davidson County Sheriff’s Office). In Louisville-Jefferson County the jail function has been
consolidated at the county level since before the Compact and other initiatives for city / county cooperation. Over the years the jails of Jefferson County have expanded with the addition of a Community Corrections Center and with contracts with private companies to house work-release and sentence-misdemeanor inmates. The rest of this section discusses the consolidation of the jail function and other criminal justice functions in Indianapolis under Unigov.

When UNIGOV was implemented it excluded the police and fire departments. This exclusion allowed duplication of services to continue. The County Sheriff and the Indianapolis Police Department (IPD) had lockups, fingerprinting systems, etc. The City-County Council created an independent task force to make recommendations on reducing duplication. Before their recommendations were made public, the Sheriff and Police Chief were consulted and were in agreement about a series of merger steps. The first cooperative service was a new emergency communications system with an enhanced 911 service, funded by a charge on local telephone subscribers (MECA- Metropolitan Emergency Communications Agency). Since the city and county policing functions remain separate and several of the other cities in the county also maintain separate police, this coordinated system was essential for efficient dispatching of officers from the correct department. The next step was to consolidate fingerprinting and to choose a joint provider for computer services.

The city lockup was then consolidated into the jail run by the County Sheriff. One reason for the consolidation was that the lock-up was in the city-county building and more office space was needed. It was more efficient to consolidate the lock-up with the County Jail than to build a new building. When the County Jail subsequently became overcrowded, the city worked with the Sheriff’s office to find a second facility. The city paid to help convert a downtown building to a jail. One reason the consolidation has worked well is that the Sheriff and the Mayor are of the same political party and have a good relationship.
Part II:

Regionalizing Public Water Supplies
Introduction

Regionalization of systems for management of water resources, including management of public water supply systems, has been the focus of study and debate for more than 25 years. Although regionalization has been defined in various ways, experts agree that it is more just than the physical interconnection of systems and that it encompasses an array of structural and institutional changes in the ways in which services are delivered and systems are managed.

A report for the U.S. Environmental Protection Agency defined regionalization as:

... the administrative or physical combination of two or more community water systems for improved planning, operation, or management. Regional should be viewed in the context of a range of possible approaches, from the actual physical interconnection of systems to an administrative and management arrangement to provide common technical, operational, or financial services for two or more systems (SMC Martin, Inc. 1983).

More recently, Whitlatch and ReVelle (1990), defined regionalization as the

... integration or coordination of the physical, economic, social, information, or personnel structure of water resource projects to better address national, regional, and local societal objectives and constraints.

For local leaders who are wrestling with issues such as the management of regional aquifers or the viability of small, independent systems, the most important observation is that regionalization refers to an array of innovations to improve operations and management, each of which must be customized to meet the needs of affected systems. There exists no blueprint for regionalization, and any time it is contemplated, it is best for leaders to begin with a clean slate, to clarify issues, and to explore a variety of alternatives.

According to a recent, comprehensive assessment prepared for the National Regulatory Research Institute, the technical literature on the water supply industry:

... leans heavily in favor of regionalization as the preferred approach to water industry organization (Beecher et al. 1996).

Experts and managers believe that economies of scale captured through regionalization will reduce costs and improve efficiency of operations, although it is clear that, in some cases increases in size can increase costs and offset economies of scale. From a resource or ecological perspective, regionalization offers clear advantages to the extent that it enables managers to match natural boundaries with political boundaries, thus improving the institutional structure for addressing issues such as allocation of water rights and implementation of source water protection programs. Although apparently well-conceived plans for regionalization have been frustrated by politics, communities have legitimate concerns about participation in decision making, and these must be addressed in meaningful ways if regionalization is to succeed.

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*This part of the report is based primarily on a report prepared by Dr. Janice Beecher for the National Regulatory Research Institute (Beecher 1996). Dr. Beecher, who formerly was employed as a senior scientist for the Center for Urban Policy and the Environment, now is employed independently but remains an associate of the Center.*
Regionalization Perspectives

The problem of regionalization can be addressed from a number of perspectives, each of which is relevant to a lesser or greater degree in any practical situation. Managers and analysts have reported on the economics of regionalization, the effect on utility operations, the potential for improved management of natural resources, and the success and failure of specific cases. They have described the implications for policy and institutional structures and listed considerations for implementation. Each of these perspectives provide useful insights into the different ways that regionalization can be approached.

Analysts who have examined the economics of regionalizing water and wastewater treatment facilities, for example, have identified tradeoffs between acquisition and treatment and transportation costs (Clark and Stevie 1981; Whitlach and ReVelle 1990). Regionalization typically reduces the costs of acquisition and treatment, but increases the cost of transportation or conveyance. More generally, if the costs for source development and protection increase faster than the costs for conveyance, prospects for regionalization increase. This is likely to be the case now in many places, including Montgomery County, because the availability of new sources is diminishing and federal regulations are increasing costs of source water protection and treatment. A best practice, then, is to model the costs of acquisition, treatment, and conveyance to determine tradeoffs and opportunities for increases in efficiency. Regional cooperation in funding of studies is one approach that can lay the groundwork for greater initiatives in regionalization.

Although economic studies have suggested that benefits can be gained through regionalization, operators of utilities tend to be skeptical. Cooperative investigations can address mutual concerns. In a case involving two rural water systems in Nelson County, Kentucky, analysts assisted two utility staff persons in the use of a computerized hydraulic data management program, or network model, to evaluate joint system facilities, flows, and pressures (Miller and Hamilton 1988). As a result, managers of the utilities committed to increased cooperation, but not a merger of operations, although merger was retained as a future option. In this case, joint technical investigations enabled informed managerial decisions.

Regionalization is a common consideration when several small systems operate in proximity to each other or larger utilities. In these situations, careful evaluation of the viability of the small systems can inform discussions about regionalization. EPA recently reviewed methods for assessing the capability of small water systems, particularly cost and financial viability (EPA 1996). These methods, which include a PC-based screening tool, a more general “dozen questions” approach, and a state-sponsored planning manual, produce information that can be used to help determine whether regionalization is a viable alternative. Application of these “cookbook” types of approaches often is good starting place for broader discussions about regionalization because they address relevant practical considerations and produce factual information that focuses deliberations.

Examples from states that have moved more aggressively to deal with problems caused by a proliferation of small systems also provide useful information. In Washington State, the Public Water System Coordination Act contains provisions that counties use in urban areas to establish control for supply systems (Maxwell and Wubena 1982). Fixed control areas for utilities are
determined, and no new systems may be created. Coordination among utilities has been enhanced through the use of satellite management systems and through ownership transfers, contract services, and technical support.

In the literature on natural resources and environmental planning, there is a strong presumption in favor of regionalization, and, with increasing emphases on watershed planning, ecosystem management, and source water protection, the presumption is gaining strength. This presumption stems from two simple observations: (1) the boundaries of most natural systems of interest, including surface and ground water systems, do not coincide with political boundaries and (2) many factors of concern therefore are not within the purview of decision makers. Because regionalization can help align boundaries and give decision makers more control over relevant factors, it is believed that it will lead to better, more efficient operations.

Twenty years ago, for example, Hall (1978) used these rationales to advocate a basic approach to regionalization that involves identification of the region, development of a rationale for an agreement, drafting a charter, and using moral arguments to overcome distrust and suspicion. He noted that strong local political leadership would be required to implement solutions.

The first two steps in his approach, defining a region and developing a rationale, can be addressed with technical studies. In Santa Clara County, California, analysts used simulation software to evaluate options for water shortages, including conservation, water purchases, out-of-county storage contracts, and additional local supplies (Dean et al. 1994). In Corpus Christi, Texas, geographic information systems and expert systems were used to plan for regional water sources for a 50-year period (McKinney 1993).

The extent to which available surface and ground water resources can meet current and future demand is a common concern and one that has been addressed in a number of situations. A PC-based water balance model for Nassau County, New York, was used to demonstrate changes in flow patterns caused by current withdrawals and to determine whether aquifers were being depleted (Maimone 1991). More recently, analysts used linked surface and ground-water models to examine water-use strategies for a heavily-irrigated, ground-water dependent region in northeastern Arkansas (Peralta et al 1995). Their analyses concluded that the most appropriate approach would be to meet municipal (i.e., residential and commercial) and industrial demand and to encourage water conservation in the agricultural sector.

An important observation from these analyses is that analysts focused on supply and demand for the resource in order to inform decisions about institutions to govern it. More simply, managers of all water supply systems in a region need to understand natural linkages and interdependencies among those systems. Technical investigations that provide information about these linkages and interdependencies can document the need for coordinated, regional management.

New initiatives at the federal and state levels move beyond conjunctive use studies and call for ecosystem and watershed management in which analyses of water, wastewater, and stormwater systems are integrated with analyses of other systems including those for management of air quality and habitat. While technical and institutional parameters for these studies are being developed, comparatively few studies have been completed, and most managers are uncertain of the practical
implications of such studies. It is clear, however, that these initiatives will increase pressure for consideration of regional solutions to problems.

For managers of small systems, some of the most useful information about opportunities for regionalization has been reported in technical guides (SMC Martin Inc. 1983; EPA 1991; EPA 1995). EPA has described the array of options under regionalization (SMC Martin Inc. 1983). Non-structural options include informal agreements, basic service contracts, joint service contracts; and regional councils of local officials, while structural options include annexation, formation of associations, corporations, special districts, and area-wide authorities. Transfer of ownership, another option, requires consideration of a wide array of economic and political factors, including (Cloud 1994):

- system income and expenses;
- level on contributions in aid of construction;
- rate base;
- condition of facilities;
- reasonableness of price and terms;
- impact on customers;
- required additional investments;
- alternatives to sale including impacts of no sale;
- ability to operate facilities; and
- public interest assessment.

Overcoming Obstacles

Regardless of the option, political barriers may be the most difficult to overcome (Beecher 1996). Political leadership is a key to implementation, and without a champion, regionalization is unlikely (EPA 1991).

Case studies are particularly helpful for illustrating issues in regionalization. Hurd (1979) examined the social implications of regionalizing systems in Northern New County Castle, Delaware. Although regionalization offered potential economic benefits, obstacles included, among others, competition among utilities, water rights issues, and the allocation of costs and impact on rate structures. Concern for compliance with federal drinking water requirements recently motivated a study of the water supply needs of Harrisburg Pennsylvania, and surrounding counties (USACE 1992). The study incorporated an inventory of existing supplies, water demand forecasts, identification of deficits and other supply problems, and alternatives for meeting demand.

Regionalization was identified as the best means for defraying costs of regulation. The Corps of Engineers also examined the potential for regionalizing small systems in Lebanon County, Pennsylvania (USACE 1995). Study of options proceeded in phases, beginning with data collection and needs analyses and moving through economic and market analyses. Cooperative ventures in source development also have been described. In southern New Jersey, depletion of ground-water resources has led to development of a new treatment facility for water to be
withdrawn from the Delaware River (Woods 1995). As many as 55 systems may benefit from the project. As noted previously, political discussions about regionalization often involve a series of phased technical studies so that stakeholders clearly understand the capacity of existing water resources, the availability of alternative supplies, constraints imposed by geographic considerations, and managerial options for more efficient management of systems.

When regionalization occurs, the potential impacts on rates often are studied and debated. Utility rate-making is designed to balance investor and ratepayer interests: to ensure that ratepayers pay in accordance with benefits received and that utilities earn reasonable and fair rates of return. All aspects of rate-making are relevant in cases of regionalization, but one issue relevant to regionalization concerns the basis for zonal rates. Zonal rates are based on the intuitive and correct assumption that costs of service vary depending on the location of the customer. Rate structures, for example, sometimes establish different rates by pumping district since pumping is one of the largest cost items. Beecher and Mann (1993) note that "many municipalities employ a simple form of zonal pricing involving rate differentials between internal (within city) and external (outside city) consumers" ... but that "these particular rate variances generally have been motivated by political purposes such as taxing non-voters and inducing annexation." They conclude that "most zonal rates now in place in the United States have not been justified by actual operating and capacity cost differences." Use of zonal rates as part of regionalization can promote efficiency but requires careful economic analyses to make sure that standards for rate-making are upheld.

More generally, experts have examined of water supply as but one of many services that would benefit from regionalization. As part of a broader analysis of the need for growth management, Nelson and Duncan (1995) examined the effects of urban sprawl on the costs of water distribution systems. In analyses of impact fees, Nelson (1988) notes that key characteristics of water supply include scale economies, elastic demand, and fixed capital costs and he identifies approaches to allocating capital and operating costs that meet the rational nexus test and other standards. Decisions about when, where, and the circumstances under which to extend water lines are key decisions in growth management programs.

Finally, planners also note that conflicts over scarce resources like water are inevitable and that institutional structures should be developed for managing conflicts. Godschalk (1992), drawing on experience gained in negotiations to resolve conflicts over water supplies in North Carolina, recommends that informal networks for coordination and negotiation be established early in planning processes so issues will not evolve into conflicts and then impasse that require mediation or arbitration. He also recommends that participants in dialogues about issues like regionalization invest is good tools to find solutions that offer joint gains.

Summary

Regionalization in water supply refers to a wide array of institutional approaches, from informal cooperation to joint technical studies to contracts for service and transfers of ownership. Experts in the water industry lean heavily in favor of regionalization because of potential costs savings associated with economies of scale. However, because there are tradeoffs in costs for source
acquisition and treatment and conveyance and distribution, good technical analyses are a prerequisite for development of options for regionalization.

Experts in natural resources, environmental management, and planning also advocate regionalization because it provides opportunities to align institutional boundaries with boundaries of natural systems, thereby providing better control over relevant factors. Joint technical studies of water resources and infrastructure networks often are a precursor to and provide opportunities for discussion about institutional reform. Topics of studies include distribution networks, conjunctive use of surface and ground-water resources, availability of long-term supply, demand management, and ecosystem and watershed management.

Because of increasing regulatory requirements to protect source water and deliver high quality water, small systems face rising costs. The viability of small systems has emerged as one of the most pressing issues in the water industry and concern about viability is one of the driving forces behind regionalization. Many economic factors must be considered in an evaluation of viability and the potential for regionalization, and new tools have been developed to assist in evaluation. These tools, which range from computer models to simpler screening questions, are useful in providing the technical background needed to inform decisions about regionalization.

Finally, experts and managers agree that strong, dynamic political leadership is essential to overcoming obstacles to regionalization. Without champions — people who recognize and articulate the benefits of regionalization — institutional change will not occur.
Part III:

Best Practices in Brownfields Redevelopment
Introduction

Brownfields are “abandoned, idled, or underused industrial and commercial properties where real or perceived contamination complicates expansion or redevelopment” (Kaiser 1998). Because brownfields contribute both to the stagnation or decline of cities and to the development of greenfields and sprawl in the suburban fringe, the issue of brownfields redevelopment has risen to the top of the nation’s environmental and economic development agendas (Meyer and Deitrick 1998). As they work to clean up and redevelop brownfields, thousands of leaders in cities across America are grappling with a bewildering set of fundamental issues:

- How clean is clean?
- What is the best way to manage the problems of uncertainty and liability that are associated with contaminated sites?
- Will cleaning up sites and solving liability problems result in redevelopment?
- How can other economic forces that contribute to underutilization of commercial and industrial properties be managed?
- How can central cities and suburban communities work together to strengthen urban cores, contain sprawl, and achieve regional economic development?

This part of the report describes these and other issues that are being debated by people working to redevelop brownfields. The results of brief case studies are presented, and ways in which several cities and counties are cooperating to address brownfields problems are described.

Issues and Challenges in Brownfields Redevelopment

In a recent issue of Public Works Management and Policy (January 1998), a group of practitioners and academics analyzed the challenges facing people who are working on brownfields redevelopment. Among their findings:

- Federal laws that establish liability for costs of cleanup of contaminated property have serious, unintended consequences for urban redevelopment because the fear of being saddled with liability deters both private- and public-sector initiatives (Meyer and Dietrick 1998).
- Perceived liability is a major barrier to redevelopment and can compound other barriers, including information, financing, and demand (Coffin and Shepherd 1998).
- Clean-up laws have increased both transaction costs and return-on-investment costs, which together reduce the viability of potential projects. Uncertainty is a major confounding factor in managing these costs (Meyer and Deitrick 1998).
- Substantive provisions in state laws influence perceptions of liability which in turn influence rates of redevelopment. Evidence suggests, for example, that differences in state law contribute to higher rates of redevelopment in Detroit than Cleveland (Coffin and Shepherd 1998).
• Key factors in any urban redevelopment effort, including brownfields, include site characteristics, the nature of the proposed project, and local market, legal, regulatory, and political conditions, and all successful projects reflect particular circumstances.

• Each brownfield project is unique (Meyer and Dietrick 1998; Chilton 1998; Coffin and Shepherd 1998).

Meyer (1998) further notes that access to capital for projects can be increased through the use of insurance to cap the potential costs of mitigation and to protect against liability claims. While insurance does represent an additional project cost, the security it provides may be essential for backing from financiers.

Detailed studies of particular cases offer additional insights into the problems and challenges of brownfields redevelopment and the characteristics of successful projects. Chilton (1998), who analyzed 15 brownfield projects, found that:

• Most successful initiatives are public-private partnerships, and strong public action can facilitate private investment, especially through reduction of uncertainty.
• Considerations about community and environmental health were of lower importance than economic development and political considerations in virtually all projects.
• Site location and other market factors are stronger determinants of redevelopment than environmental risk, and clean-up costs tend to be overestimated.
• Environmental contamination was more severe than expected in only three of the 15 cases and environmental problems significantly altered economic development plans in only one case.
• Most successful projects were those that involved “properties with extraordinary values” such as waterfront property or projects linked to historic preservation.
• None of the projects was undertaken in areas of “significant poverty.”
• Private developers followed straightforward market logic in all cases, pursuing projects only if the potential returns warranted investment.
• Public funds and political clout, particularly in support of showcase projects, can help projects succeed.
• No “cookie-cutter” approach to brownfields exists.

Thus, despite the rhetoric about the convergence of economic and environmental objectives that has driven brownfields to the top of the policy agenda, detailed studies suggest that environmental considerations are relevant only so far as they impact the economics of projects. Nonetheless, interventions that reduce actual or perceived costs of liability for clean up can increase project viability.

In addition to tools like insurance that serve to limit return on investment costs, other tools help entrepreneurs control transaction costs like the cost of information. Researchers at Carnegie Mellon University in Pittsburgh, for example, are adapting geographic information systems (GIS) and other tools used in infrastructure management to support brownfields initiatives (Amekdzi 1998). One tool developed expressly for brownfields redevelopment in Pittsburgh is a geographically-based information system called RISES – Regional Industrial Site Evaluation System. RISES includes infrastructure and socioeconomic data about sites and can be used to perform Phase 1 environmental site assessments. Examples of the data include SIC codes, known
contamination, proximity of hydrologic features, and highway, rail, and airport access. Other tools that can support brownfields redevelopment include transportation modeling systems, pavement condition models, and web-based "Regulation Brokers" that enable analysts to identify all regulations that might apply to a site. In Indianapolis, a stakeholder group convened by the city has developed a brownfields "tool kit," a one-stop guide to local, state, and federal support for brownfields projects.

In general, any action by local officials to reduce the costs of projects helps their feasibility. Though initiatives and projects are unique, similarities among local efforts can be identified.

Brownfield Initiatives

Many of the cities that are leading efforts to redevelop brownfield sites have benefited from support from the U.S. Environmental Protection Agency (EPA), the agency charged with leading the federal government's brownfield initiatives. EPA has funded more than 200 brownfields pilot and demonstration projects over the past few years and has worked hard to make sure other communities can learn from their successes and failures. Descriptions of all projects, for example, are readily available on the world-wide web. Although most brownfield efforts are in their infancy, some communities have been more successful than others in meeting the brownfields challenge. And, while it is clear that there is no one solution to the brownfields problems, there are lessons to be learned from their experiences.

This section provides examples of three brownfield initiatives in which stakeholders have recognized the fact that brownfields are regional problems that will require inter-jurisdictional cooperation to resolve. The examples summarized here are not solutions to the problems faced in Dayton-Montgomery County, and the approaches taken probably cannot be duplicated. Nonetheless, these cases are good examples of ways in which people are collaborating to solve problems. Their purpose is to prompt discussion about options that might be explored in Dayton-Montgomery County.

The three cases involve initiatives in Seattle-King County, Washington; Milwaukee-Milwaukee County, Wisconsin; and St. Joseph, Benton Harbor, and Benton Charter Township, Michigan. Each of these is an EPA Pilot Project and has received a grants or other financial support from EPA. The information presented below is based on review of print information about the projects and conversations with representatives from each partnership. Each representative was asked five questions:

1. How was a brownfields partnership initiated?
2. What role does each partner perform?
3. What is the current status of the brownfields pilot project?
4. Approximately how much money has been spent on brownfield redevelopment?
5. What advice do you have for other local governments that want to undertake a multi-jurisdictional, collaborative approach to brownfields redevelopment?
How was a Brownfields Partnership Initiated?

Seattle and King County, Washington. Collaborative efforts between King County and Seattle in the area of brownfield redevelopment evolved from both parties’ involvement in the Duwamish Coalition (see attachment for more information). The Coalition, which is named after the Duwamish Industrial Corridor (Corridor) that it seeks to redevelop, serves primarily “to preserve and reclaim industrial land for the purposes of expanding the manufacturing and industrial job base and protecting and enhancing the natural environment of the corridor.” This mission is “accomplished through a multi-jurisdictional public private partnership.” Coalition members were brought together by Motion 9234 of the Metropolitan King County Council, which called upon government, business, and nonprofit representatives to work together in improving the region’s economic base through Corridor redevelopment. Cooperation also came about because Seattle and King County had a mutual incentive to change state legislation regarding brownfield redevelopment financing.

The City of Milwaukee and Milwaukee County, Wisconsin. According to a city representative, the brownfields partnership between the city and county of Milwaukee is the result of institutionalized collaborative relationships in several areas. Because many of the issues facing the county also are faced by the city, the two local governments historically have cooperated to achieve similar goals, especially in the area of environmental management. One of these common goals involves the redevelopment of the 30th Street Corridor within the city of Milwaukee. Although the city of Milwaukee typically takes the lead on economic development efforts within its borders, Milwaukee County assumed a lead role for Corridor redevelopment by securing USEPA grant funds that support the assessment, remediation, and reuse of several Corridor brownfield sites. Milwaukee County’s proactive efforts were, in part, a function of its ownership of selected Corridor properties. Another—and perhaps more pressing—reason Milwaukee County sought grant funding for the Corridor was because the city of Milwaukee had already received grant funds for another pilot project, and no local government is eligible to receive funds for more than one pilot project.

The Cities of St. Joseph, Benton Harbor, and Benton Charter Township, Michigan. Like the city and county of Milwaukee, these three Michigan communities share a history of collaboration. All three municipalities share wastewater systems and ambulatory services. St. Joseph and Benton Harbor share drinking water systems and an airport authority. After independently recognizing the importance of brownfield redevelopment and establishing plans to remediate selected sites, each municipality began to work more extensively with the Michigan Department of Environmental Quality (MDEQ) and the USEPA Region 5 Brownfields Team. The MDEQ soon suggested that the three municipalities share their ideas, experiences, and knowledge with one another. City managers from each municipality now meet bi-weekly to generate feedback, disseminate information, and discuss lessons they have learned.

What Role Does Each Partner Perform?

Seattle and King County, Washington. Unlike most other brownfield pilot programs funded by the USEPA, the Seattle/King County pilot is not geared toward site-specific remediation and reuse. Instead, the city of Seattle and King County are jointly working to “develop and field test new regulations for assessing risk and setting cleanup standards on sites contaminated with petroleum products” (see attachment). The pilot focuses on petroleum products because TPH (total petroleum hydrocarbon) is “a known contaminant on a large percentage of properties in the
[Corridor]... and a costly impediment to redevelopment." By developing new regulatory standards, pilot participants believe that Duwamish businesses can save "millions of dollars while still protecting people and the environment."

More generally, however, the rapidly decreasing unincorporated population that has resulted from annexation, new incorporations, and shifting demographic patterns has forced King County to assume the role of a regional entity—particularly with respect to economic development—that coordinates efforts amongst itself and all the municipalities within its borders. Like other King County municipalities, the city of Seattle is more active in terms of program implementation.

The city of Milwaukee and Milwaukee County, Wisconsin. Both the city and county of Milwaukee participate primarily as advisors to the 30th Street Corridor Corporation (ICC), a consortium of businesses dedicated to revitalizing the Corridor through remediation and reuse of brownfield sites. Apart from the advisory roles of these local governments, the ICC executes most program tasks, including program implementation.

The cities of St. Joseph, Benton Harbor, and Benton Charter Township. Each municipality is responsible for program implementation at each of its brownfield sites (i.e., the Edgewater site in St. Joseph, the Graham Ave. and North of Main industrial sites in Benton Harbor, and the Fairplain South site in Benton Charter Township). As the grant recipient, the city of St. Joseph is responsible for program administration and inter-jurisdictional coordination.

What is the Current Status of the Brownfields Pilot Project?

Seattle and King County, Washington. Pilot participants hope to affect state legislation during the next legislative session.

The city of Milwaukee and Milwaukee County, Wisconsin. The 30th Street Corridor Corporation (ICC) currently is conducting tests on and assessments of several brownfield sites along the Corridor. A city representative stated that many of the sites are not as environmentally compromised as had been believed initially. This representative does not believe that the ICC has initiated any clean-up procedures yet.

The cities of St. Joseph, Benton Harbor, and Benton Charter Township. Each of the four brownfield sites in these three communities currently is being assessed. The city of St. Joseph hopes to reuse the Edgewater site as a recreational sports complex. The city of Benton Harbor hopes that the Graham Ave. and North of Main sites, when approved for reuse, can be used for industrial applications again. Benton Charter Township may use the Fairplain South site for commercial purposes when it is remediated.

Approximately How Much Money has been Spent on Brownfield Redevelopment?

Seattle and King County, Washington. A county representative estimates that King County has borne $720,000 in TPH-related costs (including staff time) since 1994.

The city of Milwaukee and Milwaukee County, Wisconsin. A city representative could not provide approximate figures, but believes that costs borne by the city have been minimal and generally include only limited staff time. As the chief administrative entity, Milwaukee County has borne
slightly more costs, he believes. Both the city and county are fortunate in that the USEPA and the ICC have borne most, if not all, of the costs of implementation.

The cities of St. Joseph, Benton Harbor, and Benton Charter Township. A representative from the city of St. Joseph estimates that the city spends $80,000 annually, most of which supports contractors and consultants.

Pilot Project Stakeholders Offer Their Advice to Local Governments Facing Similar Issues.

Seattle and King County, Washington. A King County representative believes that organizations initiating extra-jurisdictional brownfield site redevelopment should involve all identifiable stakeholders in the earliest planning stages. The exclusion of key stakeholders could lead to negative political repercussions that impede momentum or jeopardize program success.

The city of Milwaukee and Milwaukee County, Wisconsin. Obtain support from legislators and chief executives. Failure to do so likely will limit the long-term efficacy of brownfield redevelopment.

The cities of St. Joseph, Benton Harbor, and Benton Charter Township. Be persistent and allocate sufficient staff time to administration and inter-jurisdictional discourse. Consider all your options and define your end goals. As an economic development entity, be ambitious but realistic.

Observations and Implications

Though the names and places change, stories about brownfields strike a familiar refrain. Elected leaders convene advisory groups representing an array of stakeholders ranging from community activists to financiers to regulators to debate and reach consensus on a course of action to deal with particular contaminated sites or more pervasive blight. These stakeholders bring to the table diverse perspectives and often conflicting priorities.

Community activists, reflecting their sense of ownership over the places where they live, urge quick action to clean up sites, reduce risk, and redevelop sites with environmentally-friendly businesses that provide good jobs for local residents. More often than not, they assert a right to participate in review of, if not exercise veto-authority over, development plans for sites.

Financiers, well aware of the risks that entrepreneurs bear when undertaking projects in inner cities, typically view contamination as an item that increases both the cost and uncertainty of proposed projects. If uncertainty can be reduced or eliminated, then costs can be estimated, and project feasibility can be determined as any other development project.

Regulators typically are sympathetic to efforts to expedite redevelopment, but often feel constrained by statute and regulation and, absent clear authority, are cautious in making commitments. In sum, committees working on brownfields face a complicated set of problems, not the least of which is defining the problems they face. If agreement can be reached on the precise nature of the problems, courses of action can be established.
Successful Efforts

- Recognize that redevelopment fundamentally is an economic activity and that private investment will not occur unless returns on capital exceed those available elsewhere;
- Recognize that market factors like location generally are more important than clean-up costs in determining the viability of redevelopment projects;
- Are collaborative and involve public-private partnerships;
- Build on existing partnerships, including existing structures for regional cooperation;
- Seek to build relationships with regulatory agencies;
- Develop tools that make information more accessible for entrepreneurs;
- Do not try to solve all environmental and equity problems in a single project.
Conclusions

Regionalism and Intergovernmental Cooperation in Four Metropolitan Areas

There is no "one best way" to achieve interjurisdictional cooperation, its form is emerged from by local political cultures and local needs, which combine to define both the structure and the goals of cooperation. There are, however, some common traits that most successful cooperative efforts have exhibited.

1. The creation of forums for the discussion of regional issues.
2. The influence of an important outcome or goal that serves as a unifying rally point for cooperation.
3. There are a limited number of forms of regional cooperation—ranging from low-risk, informal coalition building with little reduction of local autonomy to formal, interlocal agreements that reduce the autonomy of all participants.

As with outcomes, it is difficult to separate these common traits for it is likely that the quality of the regional discussion will determine the quality of the goal or rallying point, which in turn will dictate the form of the interjurisdictional agreement.

Regionalizing Public Water Supplies

Regionalization in water supply refers to a wide array of institutional approaches, from informal cooperation to joint technical studies to contracts for service and transfers of ownership. Experts in the water industry favor regionalization because of potential cost savings associated with economies of scale. However, good technical analyses are a prerequisite for development of options for regionalization.

Experts in natural resources, environmental management, and planning also advocate regionalization because it provides opportunities to align institutional boundaries with boundaries of natural systems, thereby providing better control over relevant factors. Joint technical studies of water resources and infrastructure networks often are a precursor to and provide opportunities for discussion about institutional reform.

Because of increasing regulatory requirements to protect source water and deliver high quality water, small systems must address rising costs. The viability of small systems has emerged as one of the most pressing issues in the water industry, creating a catalyst for regionalization. Many economic factors must be considered in an evaluation of viability and the potential for regionalization, and new tools have been developed to assist in evaluation by providing the technical background needed to inform decisions about regionalization.
Finally, experts and managers agree that strong, dynamic political leadership is essential to overcoming obstacles to regionalization. Without champions—people who recognize and articulate the benefits of regionalization—institutional change will not occur.

**Brownfields Redevelopment**

The issue of Brownfields has risen to the top of the nation’s development agenda as communities work to clean up and redevelop troubled areas. Elected leaders often convene advisory groups representing an array of stakeholders ranging from community activists to financiers to regulators to debate and reach consensus on a course of action to deal with particular contaminated sites or more pervasive blight. These stakeholders bring to the table diverse perspectives and often conflicting priorities.

Community activists, reflecting their sense of ownership over the places where they live, urge quick action to clean up sites, reduce risk, and redevelop sites with environmentally friendly businesses that provide good jobs for local residents. More often than not, they assert a right to participate in review of, if not exercise veto-authority over, development plans for sites.

Financiers, well aware of the risks that entrepreneurs bear when undertaking projects in inner cities, typically view contamination as an item that increases both the cost and uncertainty of proposed projects. If uncertainty can be reduced or eliminated, then costs can be estimated, and project feasibility can be determined as any other development project.

Regulators typically are sympathetic to efforts to expedite redevelopment, but often feel constrained by statute and regulation and, absent clear authority, are cautious in making commitments.

In sum, committees working on brownfields face a complicated set of problems, not the least of which is defining the problems they face. If agreement can be reached on the precise nature of the problems, courses of action can be established.
Appendix A:

Contact Persons and Information Resources
Contact Persons by Service Area

Building Regulation
Kessler, Robert
Saint Paul Planning and Economic Development Department
615/266-9112
Indianapolis-Marion County, IN
317/327-5020

Economic Development
Bosc, Michael
Greater Louisville Inc.
502/625-0204
Center for Urban Policy, Indianapolis
317/261-3000

Jails
Horton, Major Michael
Jefferson County Corrections
502/574-2212

Armstrong, Fred
Indianapolis-Marion County, IN (ret.)
317/634-3335

Planning
Kelsey, Laurie
Kentuckiana Regional Planning and Development Agency
502/266-6084

Bledsoe, Clark
Louisville-Jefferson County Planning Commission
502/574-8111

Lausch, Gene
Indianapolis-Marion County, IN
317/327-3698

Planning/Economic Development
Vander Schaff, Mark
Saint Paul Planning and Economic Development Department
615/266-6637

Wray, Lyle
Citizens League
612/338-0791

Eadler, Robert
Metropolitan Government of Nashville and Davidson County
615/862-7167

Worldwide Web Resources by Metropolitan Area

Louisville Area
Jefferson County, KY
www.co.jefferson.ky.us

Minneapolis / Saint Paul Area
Hennepin County, MN
www.co.hennepin.mn.us
Ramsey County, MN
www.co.ramsey.mn.us
Metropolitan Council
www.metrocouncil.org
Citizens League
www.citizensleague.net

Indianapolis Area
Indianapolis-Marion County, IN
www.indygov.org

Nashville Area
Metropolitan Government of Nashville and Davidson County
www.nashville.org
Books and Articles


Bodenhamer, David and Barrows, Robert (Eds.) The Encyclopedia of Indianapolis, Indiana University Press 1994


Appendix B:

UNIGOV: Local Government in Indianapolis and Marion County, Indiana

Originally published by The Center for Urban Policy and the Environment, 1993
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UNIGOV:
LOCAL GOVERNMENT IN INDIANAPOLIS AND
MARION COUNTY, INDIANA

by

William Blomquist

and

Roger B. Parks

March 1993

Publication Number 93-U03
About the Center for Urban Policy and the Environment

The Indiana University Center for Urban Policy and the Environment’s mission is to work with state and local governments and their associations, neighborhood and community organizations, community leaders, and business and civic organizations in Indiana to identify issues, analyze options, and develop the capacity to respond to challenges.

The Center’s expertise is available to provide research and analysis of policy issues, develop community consensus, offer implementation assistance, and evaluate outcomes and outputs. It is the Center’s goal to empower local citizenry and community leaders to enhance the quality of their lives and the decisions that affect them. The Center strives to enhance and facilitate the development of leadership, management capacity, administrative skills, and program options for communities through training, referral services, and capacity building.

The Center was created and developed as a cornerstone of a strategy to position Indiana University - Purdue University at Indianapolis as a national leader in urban and environmental policy. The Center, as a part of the School of Public and Environmental Affairs, is developing a major intellectual program to provide technical services to Indiana and establish a national reputation for teaching, research, and service. Part of the Center’s role within the School is to provide important applied research, publication, and service exposure to students, with special emphasis on SPEA’s urban and environmental degree programs and policy concentrations. The Center also works with other schools and departments on the IUPUI campus and throughout the state to enhance Indiana’s expertise in urban and environmental policy.

For more information about the Center or its publications, or to receive additional copies of this report, please contact Teresa A. Bennett:

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I. Background

Beginning early in this century, urban development extended beyond the city of Indianapolis into outlying areas of Marion County, Indiana. By the 1940s, the city was losing residents to suburban communities. Annexation of these developing areas by Indianapolis was possible legally, but difficult practically. In all but a few cases, suburban Marion County residents chose to incorporate their own community or remain unincorporated rather than be annexed to Indianapolis. They did not need annexation in order to procure direct public services — such as police and fire protection, and elementary and secondary education — since they already received these from the county, townships, special districts, or their own incorporated municipality. Annexation to Indianapolis offered them little hope of improvements in capital-intensive services such as water and sewer systems, or road construction and maintenance, because of restrictive state limitations on municipal debt.

Instead, selected urban public services were extended over Marion County through the creation of separate municipal corporations, governed by appointed boards of directors. This option facilitated the production of capital-intensive public services, because each such municipal corporation could borrow up to its own two percent debt limit. Several such corporations were created between the mid-1940s and the mid-1960s by special acts of the Indiana General Assembly.¹ By 1967, the Census of Governments recorded 60 governments within Marion County: the
county, 23 cities and towns, 9 townships, 11 school districts, and 16 special-purpose governments.

These special-purpose municipal corporations extended the service and taxing areas for several local government functions. However, each corporation was governed by a different appointed board. Most of the boards had some positions appointed by the mayor, some by the city council, and some by the county council and/or the county commissioners. Board members served staggered terms with vague or no provision for removal. Local voters could replace their city council members, mayor, county council members, and county commissioners if they wished, but doing so did not necessarily change the governance of several important local government services. On paper, Indianapolis had a strong mayor-council form of municipal government; in practice, neither the mayor nor the council directed the administration of several key local government services.

Partisan politics exacerbated the dispersion of authority, since the city of Indianapolis frequently elected Democrats to the mayor’s office and common council, while Republicans typically controlled the elected county offices. Occasional proposals to consolidate functions or corporations, or to reorganize the appointment of board members to increase control by either the city or county officials, fell victim to partisan opposition.

Election events of 1967 and 1968 changed that dimension of local government. In the 1967 municipal elections, Republican Richard Lugar captured the Indianapolis mayor’s office, and Republicans carried a majority of the city
council seats. In 1968, the Republicans won a majority of the county government offices, majorities in both chambers of the Indiana state legislature, and the governor’s office.

That alignment of Republican control presented an unusual opportunity to reorganize the structure of local government in Marion County, to unify the administration and delivery of public services into a single, county-wide jurisdiction. It also presented an opportunity to limit the growing electoral success of the Democratic party in Indianapolis politics. The latter of these opportunities appears to have been the more attractive.

In the 1969 state legislative session, the Indiana General Assembly voted essentially along party lines to pass a Republican-sponsored bill consolidating some of the elective offices of the city and county, bringing some of the special-purpose corporations and their functions under the control of those consolidated offices, and absorbing several of the separately incorporated suburban communities. The new municipal government structure was called "Unigov," short for "unified government."

Unigov consolidated political leadership in Marion County to a considerable degree. A Unigov Mayor is elected county-wide for renewable four-year terms. A 29-member City-County Council replaced the county council and city council. Unigov created six principal departments of city-county government that absorbed the functions of some of the special-purpose corporations.²
On the other hand, four incorporated municipalities -- Beech Grove, Lawrence, Southport, and Speedway -- were excluded from the Unigov structure, as were six of the special-purpose corporations, and all of the local school districts, township fire departments, township property assessment and poor-relief functions, the Marion County court system, and the separately-elected Marion County offices (which are specified in the Indiana constitution).

II. Local Government Structure in Marion County

Although the "Unigov" nickname stands for "unified government," Marion County retains 50 separate local governments (down from 60 in 1967), and the number of separate taxing units in the county has grown since 1970 to approximately 100. In some respects, the Unigov structure is even more complicated than that which it replaced.

The Unigov legislative body is the City-County Council. Twenty-five of the City-County Councillors represent single- member districts; four more are elected at-large. All City-County Councillors are elected every four years, during municipal elections held the year before presidential election years. There is no limit on the number of terms City-County Councillors may serve.

The Unigov executive branch is headed by the mayor, elected county-wide at the same time as the council. The mayor appoints deputy mayors (with responsibilities for certain policy or programmatic areas), the directors of the six
Unigov departments, and the heads of some of the divisions within departments, subject to confirmation by the City-County Council. The mayor also appoints members of several boards and commissions.

Six special-purpose municipal corporations remain outside the direct governance of the mayor and council: the Capital Improvements Board, the City-County Building Authority, the Health and Hospital Corporation of Marion County, the Indianapolis Airport Authority, the Indianapolis Public Transportation Corporation, and the Indianapolis- Marion County Public Library. These units come under the indirect control of the mayor and council in two ways: their governing boards are appointed according to different formulas by the mayor and council (or county officials), and their budgets are subject to varying degrees of review by the mayor and council.

Also in addition to the Unigov structure, Marion County government continues to exist, with separately elected offices of assessor, auditor, clerk, coroner, prosecutor, recorder, sheriff, surveyor, and treasurer. The Marion County Board of Voter Registration and Marion County Election Board retain separate existence, as well. The Marion County Assessor, Auditor, and Treasurer now serve ex officio (and without additional pay) as the Marion County Commissioners.

The Unigov structure also does not include the Marion County court system. The jurisdictions and judicial selection processes of the Marion County Circuit Court, Municipal Courts, Small Claims Courts, and Superior Court were not
affected, except that the budget for the court system is subject to review by the City-County Council.

Marion County's nine townships continue as separate governments, with separately elected township assessors, constables, and trustees. The nine township trustees still administer poor relief within their respective jurisdictions. The eight townships around the outside of Marion County (i.e., excluding Center Township) also are the territorial basis for eight volunteer fire departments, and for eight of the county's 11 separate public school districts (the other three being Indianapolis Public Schools and the school systems in the city of Beech Grove and the town of Speedway).

The Unigov law also excluded from consolidation any incorporated city other than Indianapolis, and any incorporated town with a population over 5,000. This qualification leaves the cities of Beech Grove, Lawrence, and Southport, and the town of Speedway, as separate jurisdictions. These "excluded cities" retained their previous government structures, and provide several services directly to their residents. Because they pay taxes to the county and receive county services, voters in the excluded cities may vote for the Unigov mayor, a district City-County Councillor, and the four at-large City-County Councillors.

The other 17 incorporated municipalities within Marion County at the time of the Unigov reorganization are known as "included towns." These communities may maintain governments, levy property taxes, and provide local services in
addition to those provided by the city and county. Some included towns still have a town board, but most have not remained actively functioning governments.

The continued existence of the county, the townships, the school districts, the excluded cities, the included towns, and six of the special-purpose municipal corporations means that the Consolidated City of Indianapolis is far from being the only provider of local public services in Marion County. Even the public services that are provided by the Consolidated City cover different territories within the county, much as they did before Unigov. Some local services are provided by city-county government and extend over the territory of the pre-Unigov "old city" of Indianapolis, others extend over the territory of the Consolidated City (i.e., Marion County minus the excluded cities), others extend county-wide, and still others extend over areas that correspond with none of the above. Most of the services that are provided county-wide now (transportation, parks and recreation, public health, library services, etc.) were already provided county-wide before the Unigov reorganization.

The Consolidated City provides some services over different portions of Marion County by using Special Service Districts and Special Taxing Districts. For example, the Indianapolis Police Department (now a division of Unigov's Department of Public Safety) serves the Police Special Service District, an area somewhat larger than the "old city" but not as extensive as the Consolidated City. Outside the Police Special Service District, Marion County residents receive police protection from the Marion County Sheriff's Department or from the municipal
force of an excluded city. By contrast, the Department of Transportation is a county-wide Special Taxing District. The boundaries of Special Service and Special Taxing Districts may be adjusted by the City-County Council and the mayor, subject to the provisions of the Unigov Act.

III. The Delivery of Local Public Services

Because of the number of local governments that remain in Marion County, plus the Special Service Districts and Special Taxing Districts, a resident in a given location in Marion County may receive services from several sources, and pay taxes to several entities. The extent to which Unigov simplified local public service delivery is arguable.

Police protection is provided to different territories within the county by the Indianapolis Police Department (serving the Police Special Service District), by municipal police departments in Beech Grove, Lawrence, Southport, and Speedway, and by the Marion County Sheriff's Department (serving all other areas within the county as well as maintaining county-wide corrections facilities). In addition, some included towns maintain supplemental police patrols, and a separate security service protects the campus and properties of Indiana University-Purdue University at Indianapolis (IUPUI).

Fire protection for Indianapolis residents is supplied by the Indianapolis Fire Department (serving the Fire Special Service District) and by township fire
departments organized in the eight outer townships. Mutual aid agreements exist among these units.

Emergency communications, with an enhanced-911 service funded by a charge on local telephone subscribers, are provided county-wide by the Metropolitan Emergency Communications Agency (MECA).

Local parks and recreation services are provided county-wide by the Unigov Department of Parks and Recreation. In addition, some of the excluded cities maintain their own local parks.

Street maintenance and traffic flow regulation are performed county-wide by the Unigov Department of Transportation. Public transportation is performed county-wide by the Indianapolis Public Transportation Corporation, which is administered by the Department of Transportation. Public airport service is provided county-wide by a separate municipal corporation, the Indianapolis Airport Authority.

Public health and hospital services are provided county-wide by a special-purpose municipal corporation, the Health and Hospital Corporation of Marion County. The original Unigov proposal in 1969 would have replaced this separate unit of government with a Department of Public Health, but political opposition led the state legislature to delete that section, leaving the Health and Hospital Corporation substantially independent.

Local public assistance to the poor, including temporary housing and clothing assistance, is provided by trustees in each of the nine townships. Federal and
state public assistance programs, such as AFDC and Medicaid, are administered by the county office of the Indiana Family and Social Services Administration.

Public housing is administered county-wide by the Indianapolis Housing Authority within the Unigov Department of Metropolitan Development. The housing authority’s activities are supported by a property tax over the "Unigov area" (the county minus the four excluded cities).

Public elementary and secondary education is provided by the Indianapolis Public Schools (a separate unit of local government with boundaries roughly coterminous with those of the pre-Unigov city of Indianapolis), and by school districts in the eight outer townships, the city of Beech Grove, and the town of Speedway. Public higher and vocational education services are state-provided.

County-wide planning, zoning, and land-use regulation are governed by the Metropolitan Development Commission and administered by the Department of Metropolitan Development.

Solid waste collection is provided by the Sanitary Division of the Unigov Department of Public Works. In the pre-Unigov city of Indianapolis, collection is performed by crews of Department of Public Works employees. Elsewhere in the county, collection is performed by private companies under the supervision of the Department of Public Works.

Solid waste disposal in Marion County is provided by private operators supervised by the Sanitary Division of the Department of Public Works. One
private operator manages a waste-to-energy mass-burn incinerator. Another operator manages a sanitary landfill for items not taken to the incinerator.

Sanitary sewers are maintained by the Sanitary Division of the Department of Public Works. Sewage sludge treatment and disposal is provided and financed county-wide through a special taxing district, and administered by a section of the Sanitary Division of the Department of Public Works. Wastewater treatment is provided and financed county-wide through another special taxing district, and also administered by a section of the Sanitary Division of the Department of Public Works.³

IV. Local Public Finance

As with the delivery of local public services, the Unigov reorganization has fallen far short of an extension and consolidation of revenue sources. Especially with respect to public finance, the Unigov structure is more complicated in many respects than the one it replaced.

The principal local tax in Indianapolis, as in all of Indiana, is the property tax. Property tax rates in the consolidated city-county are far from uniform, however. Not only do Indianapolis residents continue to pay different bundles of taxes depending on where they live in the county, the number of different tax rates in the county has increased since Unigov. This is due to the presence of 61 different taxing units within the county (the county, the cities and towns, the independent
municipal corporations, the townships, and the school districts), plus the use by
the consolidated city of special service districts and special taxing districts to
support different services and capital projects (League of Women Voters, 1985: 55).

The 1992 notice of property tax rates in Marion County, published by the
county auditor and county treasurer, presented a 3,840-cell matrix of property tax
rates. There were 60 applicable property tax levies and 64 defined taxing
jurisdictions within the county. Total nominal property tax rates varied from a low
of $7.92 per $100 assessed valuation in parts of Washington Township (a
northern suburban area of the county) to a high of $13.09 per $100 assessed
valuation in the pre-Unigov city of Indianapolis inside Center Township.

The Unigov reorganization has had some beneficial financial effects in
Marion County. The increase in assessed valuation resulting from the inclusion of
the out-county suburban areas raised the debt limit available to the city of
Indianapolis, which has allowed some capital projects to progress that might
otherwise have been more difficult to fund. The consolidated city also maintains a
beneficial bond rating that keeps interest costs relatively low, while at the same
time the city receives more favorable interest rates on revenues it has temporarily
available to invest. The consolidated city has been able to acquire greater
insurance coverage at lower premiums. And there are arguments, difficult to
verify, that centralized purchasing and accounting systems have resulted in savings
for the city and county.
In the years immediately following its passage, Unigov is said to have contributed to Indianapolis' ability to attract federal funds. This resulted in part from its larger population, but also from its visibility as the largest American city governed by Republicans during a period when Republicans held national executive power also. This advantage, while temporary, brought many millions of extra dollars to Indianapolis over what it might have expected without Unigov passage.

Beyond these benefits, public finance in Indianapolis shows little effect from the Unigov reorganization. In particular, the structure of public finance under Unigov does not reflect significant efforts to use the larger jurisdiction of the city-county government to effect wealth or income redistribution. Extensions of the tax base for municipal public services are easier to accomplish procedurally under Unigov, but most extensions that have been implemented have supported capital improvements. Even the property tax base for the consolidated city's Department of Administration, whose activities ostensibly benefit all county residents, has not been extended as it could be (Owen and Willbern, 1985: 123).

With respect to funding direct public services, the city's operating philosophy has been to attempt to match scale of taxation with scale of benefit (Owen and Willbern, 1985: 123). This operating philosophy has had two important effects. First, it has led to a proliferation of different tax rates and taxing units within the county, as each new endeavor of the consolidated city tends to be funded through the creation of a new special service or special taxing district. Second, property tax rates are higher in the inner-city, Center Township
area than elsewhere in the county. This area receives all county-wide services plus several traditional municipal services that either are not provided or are provided and financed by other means elsewhere in the county. It is also the principal locus for tax incentive supported development in the county.

The property tax bases for the local public services on which poorer residents rely most heavily -- public safety, public elementary and secondary education, and public assistance for residents of the inner city -- remain confined to the inner city. Public safety is supported by property taxes levied within the police and fire special service districts. Public elementary and secondary education is supported by property taxes levied within the boundaries of the Indianapolis Public Schools. Public assistance is funded through the townships within the county, with the area of greatest need (Center Township) still supporting its own poor-relief activities through property taxes levied within the township.

V. Economic Development

Unigov has often been credited for contributing to economic growth in Indianapolis. Owen and Willbern (1985: 195), for example, wrote: "We contend that a large portion of community development in Indianapolis-Marion County -- whether applauded or criticized -- can be attributed in a clear and significant way to the mayor's office restructuring done under the Unigov reform."
The strengthening of the mayor's administrative and budgetary powers under Unigov enhanced the ability of mayors Lugar and Hudnut to participate actively in the public-private partnerships for which Indianapolis has become known. When local leaders (including the mayor) agreed on an amateur-sports focus for refurbishing Indianapolis' image, the mayor's new powers to act as a public developer contributed strongly to the success of the effort.

The mayor has been able to use the Department of Metropolitan Development and the Capital Improvements Board to assemble large public development packages for the downtown "Mile Square." City-county participation, with public funds and public authority, was important to developments such as Market Square Arena, the Merchants Plaza office and hotel facility, the American United Life building, Union Station renovation, Pan American Plaza, and the Hoosier Dome and Indianapolis Convention Center. The city is now an important partner in the financing and construction of Circle Center Mall, a large downtown shopping development.

By including all of Marion County within the boundaries of the Consolidated City-County, Unigov contributed definitionally as well as actually to Indianapolis' "Star of the Rust Belt" image. Employment growth in what had been suburbs became Indianapolis' employment growth, by definition. Since much recent employment growth in the U.S. has been in suburbs, including that growth in Indianapolis' accounts helped the city stand out when compared with nearby cities that could not count their suburbs' employment growth as their own.
County-level comparisons of employment growth reveal, however, that Indianapolis' employment growth was not just definitional. Employment in Indianapolis-Marion County grew 43 percent from 1970 to 1989. Comparable central city and county combinations in adjacent states -- Columbus-Franklin County, Cincinnati-Hamilton County, and Dayton-Montgomery County in Ohio, plus Louisville-Jefferson County in Kentucky -- generally experienced smaller employment growth over the period. Employment growth in these comparison areas was higher only in Columbus-Franklin County, Ohio (Table 1).

<table>
<thead>
<tr>
<th>City-County</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbus-Franklin County</td>
<td>73%</td>
</tr>
<tr>
<td>Indianapolis-Marion County</td>
<td>43</td>
</tr>
<tr>
<td>Cincinnati-Hamilton County</td>
<td>34</td>
</tr>
<tr>
<td>Louisville-Jefferson County</td>
<td>19</td>
</tr>
<tr>
<td>Dayton-Montgomery County</td>
<td>15</td>
</tr>
</tbody>
</table>

Similar to the experience in the United States more generally, most of the new jobs created in Indianapolis over this period were in the relatively lower paying service sector (Rosentraub, et al., 1992). Metropolitan areas throughout the Midwest lost manufacturing jobs over the last two decades. Indianapolis-Marion
County’s manufacturing employment decline of 27 percent fell in the middle of losses experienced by neighboring large Midwestern counties.

VI. Politics

Perhaps Unigov’s greatest success (though often unheralded outside of Indiana political circles) has been its solidification of Republican control over the city-county. Through the inclusion of the previously separate suburban electorate, Republicans have gained a decided advantage in municipal elections. Republicans have retained the mayor’s office and the majority of City-County Council seats each year since Unigov’s implementation, and by margins that range from substantial to overwhelming (Table 2).

VII. The Unigov Reform and Local Government Effectiveness

It is difficult to assess Unigov’s impact on local government effectiveness in Marion County. In the 20 years since the Unigov reorganization took effect, Indianapolis has had only three mayors and one City-County Council president. Furthermore, the mayors and the majorities on the City-County Council have been of the same political party throughout the period. This stability of political leadership has contributed to such indicators of success as the city’s favorable bond rating.
Table 2. Municipal Election Outcomes in Indianapolis, 1951-1991

<table>
<thead>
<tr>
<th>Year</th>
<th>Winning Mayoral Candidate</th>
<th>Number and Pct. of Votes</th>
<th>Losing Mayoral Candidate</th>
<th>Number and Pct. of Votes</th>
<th>Council R</th>
<th>Seats D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>Clark (R)</td>
<td>68,415 (55.6)</td>
<td>Bayt (D)</td>
<td>54,744 (44.4)</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>1955</td>
<td>Bayt (D)</td>
<td>74,682 (56.1)</td>
<td>Birr (R)</td>
<td>58,497 (43.9)</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>1959</td>
<td>Boswell (D)</td>
<td>70,031 (57.4)</td>
<td>Sharp (R)</td>
<td>51,994 (42.6)</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>1963</td>
<td>Barton (D)</td>
<td>68,316 (48.1)</td>
<td>Drayer (R)</td>
<td>63,091</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>1967</td>
<td>Lugar (R)</td>
<td>72,278 (53.3)</td>
<td>Barton (D)</td>
<td>63,284 (46.7)</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>1971</td>
<td>Lugar (R)</td>
<td>155,164 (60.5)</td>
<td>Neff (D)</td>
<td>101,367 (39.5)</td>
<td>21</td>
<td>8</td>
</tr>
<tr>
<td>1975</td>
<td>Hudnut (R)</td>
<td>124,100 (52.2)</td>
<td>Welch (D)</td>
<td>109,761 (46.1)</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>1979</td>
<td>Hudnut (R)</td>
<td>124,515 (73.9)</td>
<td>Cantwell (D)</td>
<td>43,995 (26.1)</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>1983</td>
<td>Hudnut (R)</td>
<td>134,550 (67.5)</td>
<td>Sullivan (D)</td>
<td>63,240 (21.7)</td>
<td>23</td>
<td>6</td>
</tr>
<tr>
<td>1987</td>
<td>Hudnut (R)</td>
<td>109,107 (66.3)</td>
<td>Senden (D)</td>
<td>38,193 (23.2)</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>1991</td>
<td>Goldsmith (R)</td>
<td>110,545 (56.2)</td>
<td>Mahern (D)</td>
<td>79,817 (40.6)</td>
<td>18</td>
<td>11</td>
</tr>
</tbody>
</table>

In addition, the first two post-Unigov mayors — Richard G. Lugar and William H. Hudnut III — were very highly regarded by most city residents, as well as by many of their peers. It therefore has been difficult to separate Unigov's impact on the perceived effectiveness of city government from the impacts of leadership.
stability and exceptionally capable mayors. Undoubtedly, the effects are intertwined in a somewhat ironic way: Unigov has contributed to the stability of political leadership and the visibility of Mayors Lugar and Hudnut through its effect on Indianapolis politics.

In January 1992, Indianapolis' third Unigov mayor, Stephen Goldsmith, took office. Goldsmith's relationship to the Marion County Republican Party has been distant much of the time and occasionally difficult. During his first year in office, Goldsmith initiated several projects to rearrange certain aspects of city government and service delivery. The efforts include privatizing the delivery of some services, decentralizing the delivery of others, and increasing the involvement of neighborhoods in making decisions about and setting priorities among still others. To date, however, no actions have been taken or announced to alter the basic organization of local government by asking the state legislature to amend the Unigov law.
1. In 1943, the state legislature passed a bill to place the Indianapolis City Hospital under the supervision of a five-member bipartisan board. The city’s old sewer and sanitation department was turned into the Indianapolis Sanitary District in 1945, and authorized to exercise territorial jurisdiction beyond the city limits. Legislation adopted in 1947 established the Indianapolis Public Library District — now the Indianapolis-Marion County Public Library — and extended its service and taxing area beyond the city limits. In 1951, legislation created a separate county-wide municipal corporation responsible for public health and hospital activities — now the Health and Hospital Corporation of Marion County. In 1953, the City-County Building Authority was organized to finance, construct, and operate a new office building for the use of the city and county governments. In 1955, the Indianapolis Housing Authority was formed, and a Metropolitan Planning Commission was created to assume the authority from the city and the county over land use planning and zoning. In 1961, an Indianapolis Airport Authority and an Indianapolis-Marion County Parks and Recreation District were created, each with a county-wide base. In 1963, legislation established a Metropolitan Thoroughfare Authority (later named the Mass Transportation Authority) with county-wide authority for construction and maintenance of major roads and streets. In 1965, the Capital Improvements Board was created to finance, construct, and operate a convention and exhibition center.
Not all proposals for special-purpose governments were adopted. A 1957 plan to consolidate the school districts within the county, and a 1967 proposal for a county-wide police force, were defeated by strong local opposition.

2. The departments created under Unigov are Administration, Metropolitan Development, Parks and Recreation, Public Safety, Public Works, and Transportation.

3. There is discussion presently in Indianapolis that the city’s wastewater treatment plant may be sold to a private operator to raise funds for other city projects. The city would then contract for wastewater treatment services, under Department of Public Works supervision.
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(Indianapolis, IN: Indianapolis Chamber of Commerce, 1972)


Appendix C:

Minneapolis/Saint Paul's Fiscal Disparities Program

From: Financing Central Cities and the Future of Indianapolis: Part 1 A definition of Fiscal Equalization and a Description of Tax Base Sharing Programs (Nunn and Rosentraub, 1993)
The Minneapolis/St. Paul program is both the largest and oldest tax base sharing program. Designed and passed in 1971, implementation was actually delayed until 1975 by legal challenges, however, the program has now operated for almost 20 years and involves a seven-county metropolitan area. The long-standing nature of the program is particularly impressive given its complexity and scope. Approximately 300 governments participate in the program (Baker, Hinze, and Manzi, 1991) and it is the most complex of the four plans that have been implemented.

The key variables used to define the collection and distribution procedures used are (1) current city population, (2) equalized market value (assessed valuation at 100 percent market value), (3) fiscal capacity of each city defined as the per capita market value of all property, (4) certified levy (actual property tax revenue required), and (5) net tax capacity (assessed value of property). A base year, 1971, for the assessment of commercial and industrial property was established. Taxing jurisdictions contribute 40 percent of the growth (from the 1971 base year) in their commercial and industrial property tax base to an area-wide pool. Each city, then, retains 60 percent of their commercial and industrial growth; in addition, there is no tax base sharing of residential property. Residential assessed values and the taxes they generate remain within each city.

Distributions from the pool of commercial and industrial property are based on the taxing jurisdiction's fiscal capacity, which is a relative measure that compares the individual taxing unit to the metropolitan area as a whole. Individual taxing jurisdictions are ranked according to the ratio of the average fiscal capacity of all jurisdictions (assessed value per capita in the region) to their own respective fiscal capacity (assessed value per capita in each city). The ratio is used to "weight" the city's population and this adjusted figure is then used to allocate shares from the common pool. If a city's fiscal capacity is greater than the average for the region, that city receives a smaller share of the pool. Cities with fiscal capacities below the region's average receive more from the common pool.

The Minneapolis/St. Paul region's interest in a fiscal equalization program grew from concerns with the ways in which schools in region were financed (Weaver, 1972). Other factors also contributed to the region's interest. A power plant location decision precipitated a public debate about local industrial development decisions, fiscal disparities, and a willingness to share tax capacity. More importantly, the overall political climate was conducive to regional cooperation. The region introduced a form of regional government, the Twin Cities Metropolitan Council, in 1969, as well as several metropolitan-based public service initiatives (CUED, 1976). A fiscal equalization program involving tax base sharing was first discussed in 1968 by the Citizens League, an independent non-partisan public affairs association. Legislation was drafted and approved by a legislative committee in 1969. Public hearings were then held in 1969 and 1970 and the Fiscal Disparities Act was passed in 1971. The tax base sharing plan that passed "was aimed at recognizing the economic interdependence of the area without disturbing its political structure" (Weaver, 1972: 104).

The successful passage and implementation of the Minneapolis/St. Paul fiscal equalization program was at least partially related to its simple organizational arrangements. The Twin Cities' program operates within the existing structure of county auditors, assessors, and treasurers involved in property tax administration (Baker, Hinze, and Manzi, 1991). However, while no new administrative organization was established, a complex set of operating rules and procedures
was adopted that enabled what is essentially two parallel property tax systems to operate, one dealing with the pre-existing local tax system and the other dealing with the area-wide common pool. Implementing these operating rules and procedures required a substantial investment of staff time (Knaff, Volkert, and Byers, 1993).

The Twin Cities program is managed by county auditors on a rotating basis. Each county auditor is responsible for calculating and certifying the county's common pool levy by computing the contribution and distribution of values and levies. The auditors must (a) determine the taxable value (i.e., tax base within the district, less the contribution value to the common pool), (b) apportion each taxing district's levy into an area-wide and a local portion, and (c) determine the local tax rate for each jurisdiction. One county auditor is designated the administrative auditor in a vote by all county auditors, and is responsible for administering the common pool arrangement that year, particularly in terms of calculating each municipality's share of the area-wide tax base, and determining the area-wide tax rate. Control is exercised through inter-county checking arrangements and state audits. The counties individually absorb the costs of administration, estimated to be approximately $35,000 per year (Baker, Hinze, and Manzi, 1991).

The economic and tax impact of the Twin Cities operation has been closely scrutinized. In 1976, the National Council for Urban Economic Development (CUED) analyzed the first year of the tax base sharing program and found that 19 of the participating cities, with about two-thirds of the population, had an increased tax base while the remaining 18 communities suffered a decline (CUED, 1976). The CUED report noted several key elements for a successful program. First, a tax base sharing program "works well only when cities are not allowed to offer special tax exemptions in order to attract new development." In this context, Minnesota did not allow taxing jurisdictions to offer abatements. Second, tax base sharing does not mix well with tax increment financing (TIF) efforts. The Twin Cities do, however, utilize TIF districts.

Cities with high fiscal capacity places were, in the early years, generally net contributors (Reschovsky and Knaff, 1977; Reschovsky, 1980). However, there were a number of high fiscal capacity communities that received relatively more revenues than low capacity areas. While most analyses of the Minneapolis/St. Paul program concluded that there was a slight reduction in fiscal disparities, there were limitations in the distribution formula as it did not account for "factors such as the size of the poverty population or of other groups that put special demands on the local public sector" (Reschovsky and Knaff, 1977: 367). This omission from the distribution formula accounted for the pattern of some cities with fiscal stress receiving less revenues than high capacity cities. In some years, the central city of Minneapolis has been a net contributor to the fund, even with its higher proportion of lower income households.

More recent evaluations sustain these outcomes. Overall, the magnitude of fiscal disparity in the Twin Cities region has been reduced: "the ratio of highest per capita tax base to lowest is .4 to 1 with fiscal disparities; without the program, it would be 22 to 1" (Metropolitan Council, 1991: 3). However, the central cities have not captured windfall gains from the program. By 1991, Minneapolis had become a net contributor to the common base pool (Metropolitan Council, 1991). Of the seven counties involved, only two (Hennepin and Dakota) were net contributors to the common fund.
Appendix D:

Louisville–Jefferson County Compact

From: Financing Central Cities and the Future of Indianapolis: Part 1 A definition of Fiscal Equalization and a Description of Tax Base Sharing Programs (Nunn and Rosentraub, 1993)
The city of Louisville and the county within which it lies, Jefferson, implemented a fiscal equalization plan in 1985 based on a sharing of revenues from the occupational license fee (OLF). This charge is an earned income tax amounting to 2.2 percent of earned wages and net business profits. The agreement is an inter-local compact that required the approval of the state legislature. Known as the Louisville-Jefferson County Compact, the program was passed in 1985 for a 12-year term. The goals for the plan were to eliminate a long history of annexation disputes between Louisville and the county and to facilitate county-wide economic development. The compact set out the following objectives: (1) enable economic development cooperation, (2) preserve the city of Louisville's ability to prosper, (3) increase the organizational effectiveness of the county and the city, and (4) place fiscal responsibility and fiscal control for governmental services under the direction of elected, not appointed, officials (Louisville-Jefferson County Compact, 1986). The compact affects only the two jurisdictions.

This fiscal equalization program has three components. First, the city and the county share proceeds from an OLF with shares determined by a formula that divides revenues according to a base year calculation, an inflation-based distribution, and a new growth-based distribution. The contribution and distribution components of the formula do not include any measure of need, the incomes of residents, or the demands for public services. Each jurisdiction's contribution is the total amount of the OLF generated; distributions are based on fixed pro rata shares of total revenue, partitioned into the three amounts described above.

Second, the city and county also established an annexation agreement that protected unincorporated areas, through referenda, from unwanted annexation, but also gave Louisville first claim to annexing those areas. This agreement protects communities from being annexed by the city of Louisville if they vote to remain independent. However, if the area is to be annexed, Louisville can exercise its option to include the area within its boundaries before the area can join any other city. Finally, the agreement created new reporting and accountability requirements for eight public agencies that had been funded jointly by the city and county; each was assigned specifically to either the county or city. The board members and executive directors of the remaining agencies that reported to the city and county jointly would be appointed at the pleasure of the mayor and the county judge.

The administration of the OLF sharing plan is vested by the Commissioners of the Sinking Fund, a municipal corporation established in 1851 to act as a bonded debt servicing agency for the city of Louisville. Essentially, the Sinking Fund collects and redistributes the OLF revenue on the basis of the agreed formulas. All OLF revenues are contributed to the common pool. From the common pool, the city and county are guaranteed different pro rata shares of what are essentially three "pots" of funds: (a) the base year pro rata, (b) the amount above the base but less than the amount equal to the base adjusted upward for inflation, and (c) the amounts greater than the inflation (CPI) adjusted base. Thus, if OLF proceeds equal or are less than the base year, Louisville gets 58.735 percent and Jefferson County gets 41.265 percent. For the next portion of the amount above the base but less than or equal to the consumer price index (CPI) adjusted amount (base proceeds X current year CPI), the city gets 59.7 percent and county gets 40.3 percent. For the remaining amount above the CPI base, ten percent remains in the jurisdiction in which it occurred (Louisville or Jefferson County) and the remaining 90 percent is apportioned 57.2 percent to the city and 42.8 percent to the county.
Because the OLF is linked to wages and where they are paid, prior to the existence of the fiscal equalization there was intense competition between the city and the county for development. However, under the fiscal equalization program, it was clearly expected that the sharing of resources, should reduce competition between the city and the county for economic development.
Appendix E:

A National Profile of Selected Approaches to Regional Cooperation for Economic Development

Originally published by The Center for Urban Policy and the Environment, 1994
Publication Number 94-U04
INDIANAPOLIS METROPOLITAN
AND CENTRAL INDIANA
REGIONAL ECONOMIC DEVELOPMENT STUDY

Part One

A National Profile of Selected Approaches to
Regional Cooperation for Economic Development

by

Samuel Nunn

and

Joseph B. Rubleske

Editing and Production: Teresa A. Bennett
Shannon L. Cooper

Research Assistant: Monica Perkins

February 1994
About the

Center for Urban Policy and the Environment

The Center for Urban Policy and the Environment's mission is to work with state and local governments and their associations, neighborhood and community organizations, community leaders, and business and civic organizations in Indiana to identify issues, analyze options, and develop the capacity to respond to challenges.

The Center's expertise is available to provide research and analysis of policy issues, develop community consensus, offer implementation assistance, and evaluate outcomes and outputs. It is the Center's goal to empower local citizenry and community leaders to enhance the quality of their lives and the decisions that affect them. The Center strives to enhance and facilitate the development of leadership, management capacity, administrative skills, and program options for communities through training, referral services, and capacity building.

The Center was created and developed as a cornerstone of a strategy to position Indiana University - Purdue University at Indianapolis as a national leader in urban and environmental policy. The Center, as a part of the School of Public and Environmental Affairs, is developing a major intellectual program to provide technical services to Indiana and establish a national reputation for teaching, research, and service. Part of the Center's role within the School is to provide important applied research, publication, and service exposure to students, with special emphasis on SPEA's urban and environmental degree programs and policy concentrations. The Center also works with other schools and departments on the IUPUI campus and throughout the state to enhance Indiana's expertise in urban and environmental policy.

For more information about the Center or its publications, or to receive additional copies of this report, please contact Teresa A. Bennett:

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Executive Summary

This first interim report is part of a Center for Urban Policy and the Environment (Center) multi-part analysis of metropolitan and regional cooperation for economic development within the greater Indianapolis region. This Part One report identifies and profiles a broad sample of models of regional cooperation in other parts of the United States. Subsequent reports in this series will (1) assess the current state of cooperation and coordination in the Indianapolis region as reflected in standard infrastructure development policies and economic development incentives used by the region's largest cities and towns, and in existing environmental and public infrastructure initiatives that have a regional basis in central Indiana; (2) report on additional in-depth profiles of several instances of successful "institutionalized regional coordination" in other areas of the country; and (3) present an analysis of existing cooperation initiatives, the presence of barriers to greater cooperation, and possible strategies to enhance regional cooperation in the Indianapolis region, based on interviews with 30 key informants from major public and private organizations.

What is regional cooperation?

The purpose of the Part One profiles reported here is to develop a picture of optional approaches to establishing formal or informal organizations designed to promote cooperation in the Indianapolis metropolitan region. What is meant by "regional cooperation?" The kinds of regional cooperation being explored by the Center in this research series include regional planning councils, non-profit corporations composed of business and governmental leaders, business councils, informal alliances, and other cross-sector (public/private) and multi-jurisdictional approaches to regional economic development.

What types of institutions can be used to promote regional cooperation?

The focus of the report is not on all instances of metropolitan or regional cooperation, but instead on a sample of cases that depicts different approaches to regional cooperation. Nine broad categories of "institutionalized regionalism" are explored. In each case, formal or informal organizations were designed, established, and implemented to promote economic growth, development, and cooperation within a broad region. The nine categories differ in terms of the type of institutional device used to drive a process of regional cooperation, and include the following broad approaches:

1. non-profit corporations,
2. coalitions of diverse public and private organizations,
3. greater metropolitan chambers of commerce,
4. university research centers,
5. public commissions,
6. governmental units or departments,
7. regional councils,
8. economic development agencies, and
9. groups of jurisdictions using systems of fiscal cooperation.
The 19 agencies profiled are shown below, along with a basic description of each one:

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>TYPE</th>
<th>CITY/STATE</th>
<th>MEMBERS</th>
<th>COUNTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegheny Conference</td>
<td>Alliance</td>
<td>Pittsburgh PA</td>
<td>Private</td>
<td>Varies</td>
</tr>
<tr>
<td>Center for Greater Philadelphia</td>
<td>University</td>
<td>Philadelphia PA</td>
<td>Private</td>
<td>5</td>
</tr>
<tr>
<td>Central Puget Sound Economic Dev.</td>
<td>FEDO</td>
<td>Seattle WA</td>
<td>Public</td>
<td>4</td>
</tr>
<tr>
<td>Dayton-Montgomery County</td>
<td>Government</td>
<td>OH</td>
<td>Public</td>
<td>1</td>
</tr>
<tr>
<td>Economic Development Corp. of Utah</td>
<td>FEDO</td>
<td>Salt Lake City</td>
<td>Public</td>
<td>Statewide</td>
</tr>
<tr>
<td>Greater Miami Chamber of Commerce</td>
<td>Chamber</td>
<td>Miami FL</td>
<td>Private</td>
<td>3 (+)</td>
</tr>
<tr>
<td>Louisville-Jefferson County</td>
<td>Government</td>
<td>KY</td>
<td>Public</td>
<td>1</td>
</tr>
<tr>
<td>Meadowlands</td>
<td>Government</td>
<td>NJ</td>
<td>Public</td>
<td>2</td>
</tr>
<tr>
<td>Metro Denver Network</td>
<td>Chamber</td>
<td>Denver CO</td>
<td>Public/private</td>
<td>6</td>
</tr>
<tr>
<td>Metro Orlando Business Council</td>
<td>Alliance</td>
<td>Orlando FL</td>
<td>Public/private</td>
<td>4</td>
</tr>
<tr>
<td>Metropolitan Area Planning Council</td>
<td>Council</td>
<td>Boston MA</td>
<td>Public</td>
<td>9 subregions</td>
</tr>
<tr>
<td>Minneapolis-St. Paul</td>
<td>Government</td>
<td>MN</td>
<td>Public</td>
<td>7</td>
</tr>
<tr>
<td>Momentum 21</td>
<td>Non-profit</td>
<td>Eau Claire WI</td>
<td>Public</td>
<td>3</td>
</tr>
<tr>
<td>New Cleveland Campaign</td>
<td>Chamber</td>
<td>Cleveland OH</td>
<td>Public/private</td>
<td>9</td>
</tr>
<tr>
<td>Portland Development Commission</td>
<td>Commission</td>
<td>Portland OR</td>
<td>Public</td>
<td>5</td>
</tr>
<tr>
<td>Portland Metropolitan Services District</td>
<td>Government</td>
<td>Portland OR</td>
<td>Public</td>
<td>3</td>
</tr>
<tr>
<td>San Diego Economic Development Corp.</td>
<td>FEDO</td>
<td>San Diego CA</td>
<td>Public/private</td>
<td>1</td>
</tr>
<tr>
<td>Toledo Metropolitan COG</td>
<td>Council</td>
<td>Toledo OH</td>
<td>Public</td>
<td>7</td>
</tr>
<tr>
<td>Tug Hill Commission</td>
<td>Commission</td>
<td>NY</td>
<td>Public</td>
<td>4</td>
</tr>
</tbody>
</table>

What have these entities done to promote regional cooperation?

Despite the wide variety among them, it is possible to broadly classify them into three groups distinguished by the basic methods each one uses to accomplish regional objectives. First, some organizations pursue regional cooperation through a "traditional business development" route of business attraction, retention, marketing, and development. This is essentially the "chamber of commerce" (CoC) approach, broadened to include a bigger regional area. Second, some pursue regionalism through direct economic development financing and public-private partnerships. This is the classic "focused economic development organization" (FEDO) approach in which an organization chartered to perform direct economic development functions does so in a broad regional context. Third, some institutions use informational, planning, task force, conflict resolution and problem-solving methods to promote regional cooperation. This is an approach taken by regional planning councils and agencies with a predominately "planning" orientation. Finally, some agencies have mandated infrastructure construction and service delivery functions. This is represented by special
districts or governmental units organized on a regional basis. Using these three categories, the profiled organizations developed for this study can be partitioned as follows:

<table>
<thead>
<tr>
<th>Traditional Business Development (CoC)</th>
<th>Traditional Economic Development (FEDO)</th>
<th>Informational, Task Force, Planning, and Problem-Solving</th>
<th>Infrastructure Development and Service Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Orlando CoC</td>
<td>Portland Dev. Com.</td>
<td>Momentum 21</td>
<td>Portland MSD</td>
</tr>
<tr>
<td>Metro Miami CoC</td>
<td>San Diego EDC</td>
<td>Allegheny Conference</td>
<td>Minn.-St. Paul*</td>
</tr>
<tr>
<td>Metro Denver Network</td>
<td>EDC of Utah</td>
<td>CG Philadelphia</td>
<td>Louisville-Jefferson*</td>
</tr>
<tr>
<td>New Cleveland</td>
<td>Seattle CPSED</td>
<td>Tug Hill</td>
<td>Dayton-Montgomery*</td>
</tr>
<tr>
<td></td>
<td>Meadowlands*</td>
<td>Toledo COG</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boston MAPC</td>
<td></td>
</tr>
</tbody>
</table>

*Uses fiscal cooperation to help finance service delivery.

From this, several conclusions about institutionalized regional cooperation are made that can potentially help leaders in the greater Indianapolis region in their quest for greater cooperative strategies for central Indiana. In brief, these conclusions cover three interrelated observations: (1) the organizations exhibit several common structural and tactical schemes, but (2) there is no "one best way" to regional cooperation, in part because (3) basic decisions about which kind of organizational approach will be used to elicit regional cooperation will, in turn, limit the kinds of tools available to the "regional" organization to pursue "regional" goals.
I. Introduction

This report by the Center for Urban Policy and the Environment (Center) for IPL/PSI identifies a broad sample of models of regional cooperation that can be used to assist the greater Indianapolis region with continued political, economic, and social development. The Center's report should provide IPL/PSI with a slate of optional approaches to establishing formal or informal organizations designed to promote cooperation in the Indianapolis metropolitan region.

The report is organized into four sections. After this brief introduction, the second section explains the identification of instances of regional cooperation that served as a basis for much of the analysis. The second section also explains the categorization of different types of institutions used to support an ongoing program of regional cooperation. The third section sets out the individual profiles of 19 separate regional organizations. The profiles are organized into nine sections based on the type of institution used for the regional program. Each regional organization is described in terms of the jurisdiction(s) involved, its structure, the goals and objectives it strives to achieve, and the strategies employed to achieve them. The final section briefly discusses several conclusions regarding the profiles and their use for assessing the models of regional cooperation that might prove most useful for the Indianapolis metropolitan region.
II. Identifying and Selecting Examples of Regional Cooperation

Regional cooperation comes in many forms. Jurisdictions and various public and private actors within regions may cooperate informally without legal agreements or public fanfare, or cooperate formally by joining regional planning organizations or consolidating with higher levels of government. Between the two extremes of informal cooperation and governmental consolidation, there are many ways in which governmental and business actors within a region may cooperate. Several examples can illustrate this diversity. There are nearly 300 metropolitan areas in the U.S., among which 52 regional councils serve major urban regions. A single national organization devoted to development issues, the National Council for Urban Economic Development, reports 1,300 members nationally. There are scores of other informal and formal coalitions of private and public representatives with objectives that include regional economic growth. Hence, a comprehensive, systematic analysis of all instances of regional cooperation would be a major undertaking, going far beyond the scope or needs of this study.

The focus here is not on every conceivable instance of metropolitan cooperation, but instead on a sample of cases capable of depicting different approaches to regional cooperation. Nine broad categories of "institutionalized regionalism" are explored. In each case, a formal or informal organization has been designed, established, and implemented to promote economic growth, development, and cooperation within a broad region. The nine categories differ in terms of the type of institutional device used to drive a process of regional cooperation, and include the following broad approaches:

1. non-profit corporations,
2. coalitions of diverse public and private organizations,
3. greater metropolitan chambers of commerce,
4. university research centers,
5. public commissions,
6. governmental units or departments,
7. regional councils,
8. economic development agencies, and
9. groups of jurisdictions using systems of fiscal cooperation.

The selected institutions profiled below are shown in Table 1, categorized according to the type of approach. In all, 19 different organizations are examined. Thirteen different states are represented from four broad United States regions:

<table>
<thead>
<tr>
<th>West</th>
<th>Midwest</th>
<th>Northeast</th>
<th>Southeast</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>Ohio</td>
<td>Massachusetts</td>
<td>Florida</td>
</tr>
<tr>
<td>Colorado</td>
<td>Minnesota</td>
<td>New Jersey</td>
<td>Kentucky</td>
</tr>
<tr>
<td>Oregon</td>
<td>Wisconsin</td>
<td>New York</td>
<td></td>
</tr>
<tr>
<td>Utah</td>
<td>Washington</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 1
Agencies Involved in Regional Cooperation and Economic Development Efforts, by Institutional Type, 1994

<table>
<thead>
<tr>
<th>Institutional Type</th>
<th>Momentum 21 (Eau Claire, WI)</th>
<th>Allegheny International Conference (Pittsburgh, PA)</th>
<th>Metro Orlando (FL)</th>
<th>New Cleveland (OH) Campaign</th>
<th>Greater Miami (FL)</th>
<th>Chamber of Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alliance of Different Groups</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Commission</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Unit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Council</td>
<td>Toledo (OH)</td>
<td>Metropolitan Area Planning Council (Boston, MA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development Agency</td>
<td>Economic Development Corporation of Utah (Salt Lake City, UT) (Seattle, WA) Corporation</td>
<td>Central Puget Sound Economic Development Corporation</td>
<td>San Diego (CA) Economic Development Dayton-Montgomery County (OH)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Cooperator</td>
<td>Minneapolis-St. Paul (MN)</td>
<td>Louisville-Jefferson County (KY)</td>
<td>Dayton-Montgomery Meadowlands (NJ)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The organizations profiled in this analysis were selected according to several broad criteria. First, the agencies selected had to represent a regional area with boundaries beyond a central town or city. This criterion clearly underpins the entire selection process since, by definition, a larger region had to be the focus of action. Of the 19 areas profiled, there are 16 that operate within a region surrounding a large city. In terms of the other three, one represents a statewide constituency but concentrates its activities in the state's largest city (Salt Lake City), and the other two operate in a small urban or town settings.

Second, a cross-section of different organizational approaches was desirable in order to get a flavor for the alternative techniques that can be used to facilitate broader interjurisdictional and interorganizational cooperation within the central Indiana metropolitan area. Given the large number of organizational environments that exist, it is possible for leaders in the Indianapolis region to examine the profiles as menus of approaches from which those potentially best for central Indiana might be selected for further consideration.

Third, a variety of different geographical regions was needed in order to demonstrate that no single organizational tactic is necessarily used in all regions; rather, as the profiles suggest, different regions use a variety of different approaches to satisfy goals of regional
cooperation. As shown below, each of the four regions exhibited several different organizational structures:

<table>
<thead>
<tr>
<th>West</th>
<th>Midwest</th>
<th>Northeast</th>
<th>Southeast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEDO</td>
<td>Government*</td>
<td>Coalition</td>
<td>Chamber</td>
</tr>
<tr>
<td>Chamber</td>
<td>Non-profits</td>
<td>Commission</td>
<td>Coalition</td>
</tr>
<tr>
<td>Commission</td>
<td>Regional Council</td>
<td>Government*</td>
<td>Government*</td>
</tr>
<tr>
<td>Government</td>
<td>Regional Council</td>
<td>Regional Council</td>
<td>Government*</td>
</tr>
</tbody>
</table>

*The governmental unit initiated and administers a form of fiscal cooperation.

Fourth, each of the organizations selected was primarily involved in economic development, public infrastructure or general regional planning, and work force and business development strategies as the major vehicles for regional cooperation. The mechanisms by which these development and planning activities are pursued vary, as does the priority of each activity for the respective agencies, but all the organizations focused on some combination of these tactics in both their organizational structure and daily operations.
III. Selected Profiles of Regional Cooperation

Several regions throughout the U.S. have demonstrated different ways of addressing problems within the metropolitan area using a unified multi-community approach. In a few cases, rural areas and small towns have created initiatives in regional cooperation. Because the characteristics of regions differ, so too do the approaches to how regional cooperation can and should be accomplished. The following profiles of regional cooperation highlight critical organizational differences in terms of who is involved (e.g., what municipalities, counties, and other organizations participate in some type of regional cooperation), the basic structure of the entity (e.g., agencies and councils; how entity is governed, etc.), the regional goals espoused by the entity, and the strategies, techniques, and ideas generally used to achieve goals.

A. Non-Profit Corporations

One organization is examined here: Momentum 21 of Eau Claire, Wisconsin. (It should be noted that several other organizations examined in this report also utilize a non-profit corporation format. However, the others are considered under other categories.)

The Chippewa Valley Region (Wisconsin)

Momentum 21 (M21) was formed in 1989 as a cooperative organization representing Eau Claire, Chippewa, and Dunn counties, and the cities of Eau Claire, Menomonie, Chippewa Falls, and Altoona. The Chippewa Valley Technical College and two utility companies, the Northern States Power Company and Wisconsin Bell, were largely responsible for its creation, along with the city of Eau Claire. M21 has seven general goals: (1) help establish a strong educational system throughout region, (2) provide financial resources for economic development, (3) expand and improve regional transportation systems, (4) establish a "technical productivity center" (that is, a shared computer network), (5) develop communications systems for all local governments, (6) enhance health care throughout the region, and (7) increase leadership roles for area business persons and politicians.

M21 is a non-profit corporation consisting of a board of directors, an executive board, and nine standing committees. The board of directors oversees M21 by appointing executive board members and voting on all presented plans. The executive board sets the agenda and appoints standing committee members. The standing committees correspond to the goals of M21: education, finance, transportation, technology, leadership, promotion, economic development, tourism, and health care. These committees do most of the necessary research, conduct forums and conferences, formulate implementation strategies, and secure funding. All three levels meet monthly. M21 receives most funds from contributions of its active members.

Operationally, M21 attempts to meet these goals by using a variety of strategies. It tries to initiate as many city council and multi-county meetings as possible. M21 has established formal ties with state government departments such as the Wisconsin Department of Development. It has also formed issue-specific councils, such as the Plant Closing Task Force, and maintains productivity councils and committees aimed at increasing the Chippewa
Valley's viability. It uses the Eau Claire Chamber of Commerce as an administrative headquarters. As might be expected, it has implemented an intensive marketing campaign for economic growth throughout the region.

B. Alliances of Public and Private Organizations

For purposes of this analysis, an "alliance" is considered to be some type of formal or informal association among several organizations, which is designed to further the common interests of its members. Two such organizations are profiled here: The Orlando Metropolitan Area and the Pittsburgh and the Southwestern Pennsylvania Region. Both have been operating for a number of years and tend to focus most explicitly on packaging and marketing the benefits of their respective entire regions for purposes of regional economic development.

The Orlando Metropolitan Area (Florida)

The Metro Orlando International Business Council (MOIBC) was formed in 1991 as a multi-organizational venture comprised of the Canaveral Port Authority, the Economic Development Council of mid-Florida, the Greater Orlando Aviation Authority, the Greater Orlando Chamber of Commerce, the Orange County Convention and Visitors Bureau, the city of Orlando, and Lake, Orange, Osceola, and Seminole counties. It was created by government and business leaders in central Florida, and essentially advocates three general goals for the Orlando region: (1) promote metropolitan Orlando as a site for job-creating investment, (2) encourage intraregional firms to increase export production, and (3) act as a resource for international business inquiries.

From the perspective of regional cooperation, the MOIBC does not specifically address the concerns of intraregional relationships, nor does it attempt to equalize disparities or create balanced patterns of growth. However, it does accomplish two components of a regionalist perspective. First, it creates a coalition of public agencies with broad regional interests. Second, it offers an alternative form of regionalism that emphasizes regional business development in an international marketplace by focusing on the resources available within its major central city, Orlando, and its four metropolitan counties. In this sense, MOIBC has identified a particular strength in the Orlando region (international business resources) and devised a regional development strategy around this strength.

As a "business council," the MOIBC is essentially an informal association rather than a non-profit or other formal organizational entity. It is governed by a 32-member advisory council of metropolitan Orlando business and government leaders selected from the organizations responsible for its formation. It is housed within and staffed by the Orlando Economic Development Commission.

Because its primary focus is marketing the Orlando region, it uses a variety of tactics to accomplish its goals. First, it utilizes the resources of foreign chambers of commerce, overseas business organizations, and existing foreign companies within metropolitan Orlando. In so doing, the MOIBC tries to increase metropolitan Orlando's exposure through
international press relations. It conducts "investment missions" and identifies key target markets for international business expansion, sometimes utilizing research facilities at the University of Central Florida. Overall, the MOIBC strives for a pro-growth environment through economic policies and strong service provision.

**Pittsburgh and the Southwestern Pennsylvania Region**

The Allegheny Conference is a business-driven revitalization alliance composed of several regional interest groups. The Allegheny Conference on Community Development and the Western Division of the Pennsylvania Economy League have been affiliated as the Southwestern Pennsylvania Regional Planning Commission (SPRPC) since April 1992. The affiliation represents a geographical membership composition that is defined by its interconnectedness, rather than its political boundaries. Therefore, it maintains a flexible definition of its region. For example, the SPRPC defines the region as Allegheny County (which includes Pittsburgh) and the five adjacent counties. The Pennsylvania Economy League defines the region as the western portion of the state (i.e., consisting of 29 counties).

The Allegheny Conference uses four areas of focus to help structure its operating agenda: education and work force development, civic organization, public governance, and regional development. Each of the four areas has its own executive board and standing committees. For example, the Allegheny Policy Council on Youth and Work force Development oversees the Allegheny Conference Education Fund, the Partnerships in Education, the Allegheny County Commission on Workplace Excellence, and the Pittsburgh New Futures program. Each executive board has a president and each sub-committee has a chair. The president of each area of focus is appointed by the President of the Allegheny Conference on Community Development.

The Conference has three comprehensive goals: (1) facilitate a forum capable of supporting a leadership network in order to share ideas on common problems; (2) provide a consolidated coalition to perform the research, analysis, and planning for the region; and (3) develop, through various mechanisms, the consensus necessary to solve major problems within the region.

However, each of the four focus areas also has specific goals. For example, regional development leaders propose to implement an airport-to-downtown corridor, a Mon Valley corridor (two infrastructural improvements), and a capital-building incentives package named "Strategy 21." Similarly, the executive board of each major focus area formulates various strategies for each of its goals. Strategy 21 is accomplished by a four-step process: identify capital needs requiring state assistance, compile a package, present it to state leadership, and lobby for approval. Therefore, the Conference's general strategy for regional revitalization is to support the endeavors of its four major committees. Operationally, the basis for cooperation and development is intraregional communication between corporate leaders.
C. Greater Metropolitan Chambers of Commerce

Chambers of commerce have a long history of promoting urban business environments. As shown in these profiles, chambers are often involved directly in regional organizations. However, for purposes of examining chambers when they take a lead role in regional cooperation, they can be differentiated in two ways. One way is to consider the spatial scale of their representation. Some chambers represent a greater multi-jurisdictional metropolitan area and, as result, create a regional constituency. A second, related way is to differentiate chambers by the extent to which the organization concentrates on a broad regional focus for business development and marketing purposes. The three chambers profiled here are distinguished by their broad-based regional orientation and their focus on infrastructure planning, minimizing interjurisdictional competition, and work force development efforts. In two cases, the regional organization is actually a sub-unit of the chamber of commerce (Cleveland and Denver).

The Denver Metropolitan Area (Colorado)

The Metro Denver Network (MDN) is a formal coalition of public and private organizations within the Denver region, but organizationally is housed and operates within the Denver Chamber of Commerce. It was formed in early 1987 with a broad-based membership structure and a very direct approach to promoting a sense of regionalism among its members. By late 1993, the MDN consisted of 53 member organizations and encompassed a six-county region. This membership includes 34 economic development organizations (e.g., Boulder Chamber of Commerce, the city of Englewood, Stapleton International Airport, the Jefferson Economic Council, and the Downtown Denver Partnership), ten ex-officio members (e.g., the State of Colorado Office of Business Development, the Public Service Company of Colorado, and the Denver Regional Council of Governments), and nine real estate members (e.g., the Denver Board of Realtors and Coldwell Banker Commercial Brokerage).

The goals of the Metro Denver Network are quite general, giving the organization broad flexibility to develop a variety of strategies. The general goals are: (1) eliminate the duplication of efforts directed at regional economic development, (2) stretch available economic development resources by focusing activities, (3) present a strong, unified image of the Denver region to prospective firms, (4) provide accurate information and data to all MDN organizations, and (5) enhance communication to improve relationships and strengthen regional marketability. Similarly, the MDN utilizes three broad strategies in its approach to implementing these goals, as explained below.

First, the MDN helps define the specific roles to be undertaken by each county, municipality, corporation, and member agency. Member organizations participate in one of four roles: state, regional, sub-regional, and local. The majority of members are sub-regional participants. Authority and responsibility are determined by role classification. For example, sub-regional role-players must develop an economic development plan, create a viable marketing effort, develop and secure business prospects, conduct research, plan and stage promotional events, attempt to retain firms, cooperate with local job-training facilities, and coordinate activities with other members.
Second, the MDN adopted a code of ethics both to guide the definition of roles for its members and to maintain an ongoing conception of the metropolitan Denver region as a single economic entity. Thus, as an organization, it maintains compliance with a formal code of ethics that regulates economic development and marketing activity within the region. The MDN uses the code to regulate activity among the member organizations, with the specific objective of minimizing intraregional competition and facilitating amicable relations within the region. Its primary function is to compel member organizations to sell the metropolitan region and not, at least initially, the community of the member. This is done, for example, by demanding confidentiality of prospect information, facilitating real estate and economic development relations, and sharing all public information. Violations of the code are subject to sanctions, and, in extreme circumstances, removal from the MDN.

Third, it provides an economic development information infrastructure in support of its broad regional perspective. The MDN regularly utilizes and updates the computer network used by all members to explore economic possibilities and share information. The MDN computer system consists of electronic bulletin boards and mail, an extensive database, site and building inventories (products of a metro-wide geographic information system), and a prospect tracking system. It was developed by the Colorado Alliance of Research Libraries (CARL).

The MDN is governed by an executive committee which meets bi-monthly. Its only two officers are the chairman and vice-chairman. In addition, four sub-committees guide and drive the MDN: the operations, community/professional education, marketing, and retention sub-committees. The Greater Denver Chamber of Commerce houses and staffs the executive committee and the four sub-committees.

**Miami Metropolitan Region**

The Greater Miami Chamber of Commerce, despite its obvious connotation for straightforward business representation, is oriented toward addressing infrastructure concerns in the immediate Miami metropolitan area (approximate population of two million in three counties) and several other counties throughout the state. It is a private, non-profit organization employing 14 full-time staff members on approximately $1 million of annual revenue. It’s sole income is membership dues. There are 65 members on the board of directors and 26 on the executive committee. The latter is composed of business and community leaders.

The Chamber has numerous divisions within the organization: economic development, transportation, crime prevention, education, international and hispanic affairs, administration and membership, Leadership Miami, a sports council, and legislative affairs. This broad scope allows it to affect area policy at three different levels. First, the Chamber acts as an administrator for import and export operations between its members and the international marketplace. Second, the Chamber acts as the primary advocate and planner for public infrastructure improvements, the identification of needs, and the implementation of infrastructure plans. The Chamber utilizes the area’s public infrastructure, as well as the availability of entrepreneurial assistance and work force training and retraining programs as tools for economic development. Third, the Chamber serves as a forum for business relations
among its members. It measures its success by the retention of existing members and expansion of the membership base.

**The New Cleveland Campaign**

This organization focuses on improving economic conditions within the nine-county Cleveland metropolitan area (population 2,759,823). It is a private, non-profit, independent marketing and communications organization that employs four full-time and one part-time staff persons. The Campaign is a part of the Greater Cleveland Growth Association (which is the Cleveland Chamber of Commerce). It has 50 members on its board of directors. Membership on the board is by invitation only, with no fixed representation by geographical or political area.

The Campaign cites high technology, international trade, tourist development, industrial and small business development, and an improved national image for the Cleveland metropolitan region as its primary economic objectives. To accomplish these broad objectives, it uses marketing, communications, and advertising as tools for economic development. It markets Cleveland in the Midwest and internationally. The Campaign believes that its strategy distinguishes it from other economic development organizations, and improves Cleveland’s image and reputation through exposed media coverage. The Campaign budgets approximately $700,000 annually for marketing (an 80 percent increase since 1986) and $20,000 annually for advertising (a 90 percent decrease since 1986). The Campaign receives its income from private sector contributions (non-dues) and city and county (via convention and visitors’ bureau funds). Its total annual revenue is approximately $950,000.

**D. University Research Centers**

In at least the one instance of the Philadelphia and the Southeastern Pennsylvania Region, regional cooperation has become a critical objective of a unit within a major metropolitan university. In this case, a research center within the university was instrumental in creating several "forums" within which issues of regional cooperation and development could be explored.

**Philadelphia and the Southeastern Pennsylvania Region**

No regional council of governments exists in this region, but it has, nonetheless, demonstrated another form of special regional cooperation. The Center for Greater Philadelphia (CGP), a regional consultant and advocate that is part of the University of Pennsylvania, has been the driving force behind regionalism. The CGP addresses concerns for a region that includes Bucks, Chester, Delaware, Montgomery, and Philadelphia counties. Most importantly, it is responsible for the creation of the Southeastern Pennsylvania State Legislators’ Conferences (SEPSLC). This annual, three-day conference unites state legislators, corporate leaders, and intraregional politicians. The SEPSLC began in 1985.

The CGP is essentially a "think-tank" of experts with diverse backgrounds. It is considered value-neutral, serving as the primary planner and third-party mediator for the
SEPSLC. Its focus is on regional growth and development, and it purports to favor no government or organization. Counties and municipalities within the region are represented in an equitable manner at the SEPSLC, and decisions affecting the entire region are made accordingly. In this vein, the CGP has established several broad goals: (1) maintain a process through which state legislators, corporate leaders, and city/county politicians can meet and exchange information (primarily through the SEPSLC), (2) develop a skilled and affordable work force and an environmentally secure infrastructure, (3) implement a permanent regional agenda-setting process, (4) find an alternative to the commuter tax (this tax, at 4.1 percent, targets suburban commuters and represents two-thirds of Philadelphia's locally-generated tax revenue), and (5) design and implement several regional projects and programs.

The strategies of the CGP are built around developing venues for further regional cooperation, as well as practical efforts to regionalize key public services that deliver truly regional benefits. It has attempted to produce effective, specific strategies through the SEPSLC. Related to this, the CGP conducts and utilizes expert studies on issues such as economic integration, commuting, service provision, and regional employment. Lately, it has attempted to enhance the power of the newly created Greater Philadelphia Metropolitan Partnership, an organization based upon high levels of citizen participation. In practical terms, the CGP has helped regionalize the area's port (now the Philadelphia Regional Port Authority), the airport (now the Philadelphia International Airport), and the transportation system (now the Southeastern Pennsylvania Transportation Authority, or SEPTA).

E. Public Commissions

Another method of institutionalizing a regional development perspective is the use of a publicly sponsored and appointed commission. Three such commissions are examined here: one is small town/rural in nature but still involves a broad region (Tug Hill), while the other two represent larger urban regions (Portland and San Diego County).

The Tug Hill Region (New York)

The Tug Hill Commission (THC) was formally recognized in 1991 after nineteen years as a temporary commission. The Tug Hill region consists of four counties and contains 41 townships and 21 villages. The overall population of the region was approximately 100,000 in 1990. The THC is comprised of nine state-appointed members (three each by the governor, the president of the state senate, and the speaker of the state assembly). They govern four county councils, each of which has a staff with an executive director, planners, consultants, and other technical experts. Each county also employs a "circuit rider" who serves as a liaison between each county.

The goals of the Tug Hill Commission within the region are different from some of the other regional organizations in the sense that growth and development control is the fundamental underpinning. The goals are as follows: (1) limit the amount of economic development and preserve the environmental integrity and beauty within the rural region, (2) enable Tug Hill residents and representatives to shape the region's future as they see fit, and (3) improve the region's health care and education.
Despite its different objectives, the Tug Hill Commission utilizes a variety of interesting strategies as growth-promoting and growth-controlling mechanisms for the region. For example, the THC does not impose policy on counties and municipalities; rather, it attempts to advise, inform, and act as a buffer to external forces (such as the state government). The THC uses "circuit riders" to facilitate communication within the region, to collect information about activities and initiatives, and to spread information. It utilizes a shared computer network focused on geographic information systems such as ARC/INFO. The THC attempts to facilitate and incorporate citizen input in part through its mission of preserving the population size of the region. Moreover, it works with communities in the region to share risks and project costs. The THC is given complete autonomy in its control and use of resources.

The THC has been perceived by those throughout the Tug Hill region as extremely beneficial. As a result, the Commission has spawned three other regional cooperative ventures: the Northern Oneida County Council of Governments, the Drum Area Council of Governments, and the Cooperative Tug Hill Council Planning Commission.

Portland Metropolitan Area

The Portland Development Commission (PDC) is technically an urban renewal and economic development agency. This public agency serves five counties (one of which is in the state of Washington) in the Portland metropolitan area (population 1,239,842). It is active in a broad range of areas: investments, economic development, housing, promotion and marketing, and community development. It uses general funds, infrastructure improvements, industrial development bonds, revolving loan funds, marketing, tax abatements, direct business loans, entrepreneurial assistance, land acquisition and development, special improvement districts, lottery resources, receipts from public sales, and private fund raising initiatives to further its economic and infrastructural goals. The PDC has an annual marketing budget of approximately $250,000 and uses it to target the Pacific Rim and Asia, as well as the western third of the United States. It also has an annual advertising budget of approximately $75,000. Its revenues are obtained from city, state, and federal (CDBG and EDA) funds, non-dues private sector contributions, tax increment financing, and publications sales.

This institution is interesting in part for its focus on job training and creation. Its primary employment-oriented tool is JobNet. This training and referral service coordinates programs for the unemployed and underemployed. Representatives for the PDC estimate that JobNet has increased community hirings by 35 percent. The PDC measures its success by the creation of new jobs and the general employment conditions in the area. One of its primary objectives is to stimulate private investment with public investment. The other development programs of the PDP focus on enterprise zones; high technology; community, industrial, and small business development; and targeted industries (e.g., agriculture, aerospace, and metals).

San Diego County

The San Diego Economic Development Corporation (SDEDC), a quasi-public, focused economic development organization, serves San Diego County and its 18 municipalities. It
emphasizes education as a tool to improve its region's labor market. Like the Portland Development Commission, the SDEDC measures its success through job creation and labor force development. The SDEDC employs eight full-time and one part-time staff members. It is active in economic development, and uses industrial development bonds and marketing to further growth in this area. It reports education programs in both secondary and higher education institutions as one of its most important regional initiatives.

With an annual marketing budget of approximately $200,000, which is slightly less than one-quarter of its total annual revenue ($911,000), the SDEDC markets San Diego within California and internationally. Its income sources include membership dues, private sector contributions, city and county funds, and funds from the port district. The 19 members of the board of directors are appointed by current board members and the Economic Development Corporation president.

F. Governmental Unit or Department

Regional cooperation can also be furthered through the use of new or existing formal units of government and departmental units within such governments. The issue of "government" of course raises issues concerning tax financing, bureaucracy, responsiveness, and a host of other considerations. However, special districts as a form of local government often utilize user charge systems and are frequently quite effective in creating a close match between the spatial boundaries of those receiving public services and the spatial operation of the services. A special district in Portland is examined here.

Portland Metropolitan Area

The Portland Metropolitan Service District (now termed the Metro) was created through state legislation in 1977 and then approved by voters in 1978. In 1992, voters approved a home-rule charter for the agency. The Metro is, from one perspective, simply a public authority or special district (such as those common to many areas across the U.S.). But from another perspective, Metro is one of few governmental units in the United States that can accurately be described as a directly-elected regional government. Because it is a unit of government, it has a solid foundation of governance and communication throughout a broad metropolitan region.

The Metro is composed of Clackamas, Multnomah, and Washington counties (containing twenty-four municipalities). It is governed by an executive officer who oversees 13 districts of approximately similar population size. Each district is represented by a councilor who is elected by voters in the district. Each position is nonpartisan and carries a four-year term. The 14-member council conducts all business. It will be reduced to seven members in 1995.

Its primary goal is to regionalize services and cultural amenities in an efficient and equitable manner. The general strategies of the Metro are essentially fivefold: (1) maintain a formally structured regional government that is elected by, and responsive to, the regional populace; (2) provide efficient regional services; (3) create and retain cultural amenities; (4)
elicit as much public input as possible; and (5) develop a long-term plan for the metropolitan area.

The Metro has implemented a form of regionalism through a combination of direct public service responsibilities, promotion of regional transportation, and regional planning initiatives. First, in terms of direct service delivery, Metro is responsible for solid waste disposal, but not collection. It is responsible for administering the Metropolitan Washington Park Zoo, formerly managed by the city of Portland. Metro also administers the Oregon Convention Center.

Second, it is involved in furthering regional transportation options through the Joint Policy Advisory Committee on Transportation (JPACT). In this context, Metro is currently involved in step two of the federal planning process to obtain funding for transit improvements. The goal is to eventually implement light rail transit that will connect part of southern Washington with Oregon City, located in the southern portion of the Metro area. Decisions about transit will be made by the South/North Steering Committee (comprised of elected officials and agency representatives) and passed on to the JPACT.

Third, it is engaged in a variety of planning activities. Metro is involved in a Metropolitan Greenspaces program. Its current activities include a March 1994 bond measure for land acquisition and capital improvements, and the Green City Data Project, which is an environmental inventory initiative in the region. It is also attempting to create a regional planning framework by 1997 through the development of two long-term planning programs: "Region 2040" and "Future Vision."

Because Metro is a formal governmental unit, funding its operations raises critical issues regarding how the costs of regionalization should be financed. Although Metro is a government, it has no general tax base. It is funded by service fees (e.g., zoo admissions and waste disposal charges), excise taxes (on services), grants, and donations. The recently implemented charter expands Metro's taxing authority, so its financing system may change. In sum, however, a high level of cooperation is evident within the three-county region in terms of shared investment costs (e.g., light rail), selective service provision of regional services, environmental protection, land-use planning, and the existence of the Metro government.

G. Regional Councils

One of the most common forms of regional cooperation is the regional council, which is sometimes referred to as a regional or metropolitan council of governments or a regional planning council. The 1993 profile of regional councils in the U.S. describes the regional council as a public organization encompassing a multi-jurisdictional regional community. There were 564 councils in the U.S. in 1993, with 52 of them classified as major metropolitan councils. Appendix I of this report sets out a general description of these 52 major metropolitan regional councils. As shown there, the majority of metropolitan councils serve as the metropolitan planning organization for a large number of independent jurisdictions.
Regional councils perform a variety of tasks and are funded by annual payments from the member jurisdictions, state and federal grants, and private sector contributions. Regional councils often serve as metropolitan planning agencies, economic development districts, service delivery areas for Job Training Partnership Acts, and certified development companies. Indiana has 11 regional councils encompassing 48 counties; the eight-county Indianapolis region is not served by a regional council.

Given the large number of regional councils, the wide variety of metropolitan areas in which many of them operate, and their relatively broad agenda of activities, it is not practical to profile all the councils that might be relevant to models of cooperation in the Indianapolis region. However, the two profiles of metropolitan councils depicted below help to illustrate ways in which regional councils promote multi-jurisdictional cooperation. As shown below, an interesting aspect of one of the councils (Toledo COG) is that it not only represents a variety of jurisdictions, but it does so across state boundaries.

**Toledo Metropolitan Area Council of Governments (TMACOG)**

The TMACOG originated in 1968. TMACOG serves 790,052 people in a 2,240 square mile area, including Erie, Lucas (Toledo’s home county), Ottawa, Sandusky, and Wood counties in Ohio. Monroe and Lenawee counties in Michigan are included. All told, 183 units of government in the region are members. As with many regional councils, TMACOG is funded by local membership dues, transportation assessments, and state and federal grants.

It has two policy-making bodies. First, the general assembly is comprised of elected officials or appointed executives responsible to elected officials. The assembly is responsible for adopting the budget and membership fee schedules, amending by-laws, reviewing executive committee actions, proposing and approving studies and plans, and resolving membership disputes. Second, the executive committee proposes the annual budget, establishes salary ranges for the staff, approves and implements regional plans, controls the finances of the TMACOG, and approves of all inter-jurisdictional contractual agreements. The Executive Committee has 12 county representatives, eight city representatives (four from Toledo), six village representatives, six township representatives, three special/school district representatives, and one associate member representative, for a total of 36 members.

The major operating arms of the TMACOG are six sub-committees created by the executive committee. These include the following:

1. Areawide Water Quality Planning Council
2. Governmental Systems and Intergovernmental Relations Committee
3. Human Resources Committee
4. Planning and Environmental Resources Committee
5. Public Safety Committee
6. Transportation and Land-Use Committee
As the subcommittees suggest, the goals of the TMACOG are broad: (1) provide a forum for regional governance; (2) facilitate networking for local officials; (3) provide shared information and data; (4) coordinate issue resolution; (5) plan for regional transportation needs; and (6) plan for regional environmental resources and water quality. The TMACOG uses three strategies to implement these goals. First, it tries to focus and build upon current strengths of the region, such as transportation and environmental planning, and strong intergovernmental relations. Secondly, it continually updates regional development plans (in the six subcommittee area listed above). Third, it develops new relationships with sister regional agencies and seeks new jurisdictions for TMACOG membership.

**Boston Region (Massachusetts)**

The Metropolitan Area Planning Council (MAPC) serves 101 municipalities in the Boston metropolitan area (population 2,870,669) as a regional planning entity. Its scope of services includes planning, economic development, housing, zoning, and community development. However, MAPC focuses primarily on infrastructure improvement. Its transportation division (one of four divisions) receives one-half of the Council's total revenues, and infrastructure improvements are cited as the organization's only available economic tool. Moreover, the Council specified the prioritization of infrastructure spending plans as a recent success. Further, it periodically designs comprehensive development plans for the metropolitan area.

The Council's total annual revenue is approximately $1.7 million. Its sources include membership dues, private sector contributions, state and federal funds, service fees, seminars, and publications for sale. MAPC has 136 directors on its board, either elected or ex-officio, representing 101 jurisdictions.

**H. Economic Development Agencies**

Organizations designed specifically to further an economic development agenda have a long history and are quite common. One of the organizations already profiled, the San Diego Economic Development Corporation, is, in fact, also considered to be an economic development agency. This section profiles two others, the state of Utah and Seattle, Washington.

**State of Utah**

Although the Economic Development Corporation of Utah (EDCU) serves the entire State of Utah, its economic goals and initiatives center on the Salt Lake City metropolitan area (population 1,722,850). The EDCU is a private, non-profit, "focused economic development" organization (FEDO). Its staff, which consists of 14 full-time employees, is divided into two areas: business attraction (eight staff members) and expansion (six staff members). It cites high technology, international trade, and industrial and small business development as its primary economic objectives.
The EDCU utilizes many economic tools to meet its goals: infrastructure improvements, industrial development bonds, revolving loan funds, marketing and advertising, direct business loans, entrepreneurial assistance, job training and retraining, land acquisition, and tax increment financing. Further, the EDCU has expanded its role as the primary advocate for economic growth in Utah by acting as a business liaison for companies' problems, serving as an expansion advisor and initiating procurement and export programs.

The EDCU has an approximate annual marketing budget of $300,000 and an advertising budget of $125,000. Its annual revenue is approximately $1.4 million from income sources that include membership dues; private sector contributions; city, county, and state funds; service fees; publications sales; seminars; interest income; licensing of logos; and the Job Training and Partnership Act (JTPA). The EDCU’s Board of Directors (42 members) includes mayors, county commissioners, business leaders, and elected persons from the community at-large.

Seattle Metropolitan Region (Washington)

The Central Puget Sound Economic Development District (CPSEDD) is labeled as a focused economic development organization. It is also infrastructure-oriented. The CPSEDD serves a four-county region (population 2,748,895) with four full-time staff members. Its annual revenue is $288,000. This money is obtained through private sector contributions (nondues), city and county funds, EDA, service fees, and publications for sale. It has twenty-four (24) members on its board of directors, which consists of elected and appointed officials representing 80 jurisdictions.

The general activities of CPSEDD include planning, economic development, and foreign trade. It uses improvements in the region's infrastructure as a tool for its economic objectives, which include industrial development and international trade. The district operates the region's most comprehensive database for land-use planning and market analysis, and acts as a consultant in these areas. It measures success by the number of jobs created as a result of economic development initiatives and infrastructural improvements.

I. Groups of Jurisdictions Using Systems of Fiscal Cooperation

At least four regions in the United States practice a version of regional cooperation based on sharing the fiscal resources of a metropolitan area. This is perhaps the most intensive form of regional cooperation because independent jurisdictions are required to actually contribute to a common pool an amount of public funds that otherwise would be kept individually. These jurisdictions, then, have been “willing to pay” for at least a form of regionalism. The four areas are profiled briefly below.

Minneapolis-St. Paul

This seven-county region has a long history of regional cooperation initiatives. This region does not involve a specific regional organizational entity as much as a social and political environment that supports cooperative efforts. This ethic of regionalism has been a
function of several factors: the existence of an activist regional public interest group, a
regionalized tax base sharing system, and some recognition early in the 1960s that
interjurisdictional rivalries could potentially harm the region's environment and climate for
economic development. There was, first, the Citizens League, an independent non-partisan
public affairs association interested in the seven-county area.

Second, the origins of regionalism in Minneapolis-St. Paul were tied to early
recognition that intraregional competition might sometimes work to the detriment of the
region. In the mid-1960s, the location of a power plant on the St. Croix River stirred debate
about the impact of interjurisdictional competition on local industrial development decisions,
and the resulting fiscal disparities. The power plant would spoil a lovely scenic environment
that delivered wide regional benefits, but city and county officials promoting the project balked
at providing open space amenities unless there was some way that their jurisdictions could also
receive fiscal benefits when development occurred outside their boundaries. Ultimately, this
led to the creation of a sophisticated tax base sharing plan implemented in the early 1970s.

Third, and during this same period, the state legislature helped the St. Paul-
Minneapolis region introduce the Twin Cities Metropolitan Council, a form of regional
government, in 1969 as well as a variety of metropolitan-based public service initiatives. These
initiatives included metropolitan cooperation in the provision of transit services, solid waste
disposal, waste control, parks, and housing and redevelopment programs. All of this was
legislated through the state, and a coordinated approach to metropolitan development in the
seven-county region was essentially mandated.

Finally, school finance litigation also fueled the move to regional fiscal cooperation. In
the late 1970s, there were several ongoing judicial contests on the inequity of school financing
systems based on the property tax (e.g., the Serrano vs. Priest school financing decision in
California in 1972). Thus, business and community leaders in the region realized that the
kinds of fiscal disparities that could be created through reliance on property tax revenues
deserved some corrective action through formal sharing arrangements. From this evolved state
legislation to minimize fiscal disparity and the Minneapolis-St. Paul tax base sharing system in
1971.

**Louisville-Jefferson County (Kentucky)**

Louisville and Jefferson County, Kentucky, implemented a cooperative arrangement
known as the Louisville-Jefferson County Compact. It is an interlocal compact enabled
through state legislation passed in 1985 for a 12-year term. This form of regionalism involved
changes in the ways of serving and financing the metropolitan area, rather than the formation
of a specific regional entity. The interlocal agreement was designed to eliminate an
"annexation war" between Louisville and the surrounding cities within the county, as well as
to facilitate economic development outcomes. It managed to address several regional problems
facing Louisville by implementing three components dealing with fiscal equalization,
annexation procedures, and the regionalization of certain governmental responsibilities.
First, the compact was designed to help equalize fiscal resources within the region because the city and county share proceeds of the occupational license fee (essentially a local income tax). This helped address, at least partly, the problem of interjurisdictional competition for business development within the county. Because the fee was linked to where wages were paid, it created an incentive for the city and county to compete for development. Since it accrued to the jurisdiction in which the job is located, job creation became a competitive, zero-sum game in which each jurisdiction would want to capture as many jobs as possible at the expense of other jurisdictions. Sharing proceeds of the fee partially undermined this competition. In this sense, it represents a form of regional cooperation designed to distribute the benefits of economic development more equitably within the county.

Second, the compact gave additional powers to cities surrounding Louisville so that they could be protected from unwanted annexation. A referendum in the "to-be-annexed" community would have to pass by a 51 percent margin before annexation could be approved. It also allowed cities to propose annexation for unincorporated areas in order to be given priority to annex the areas within a 12-year period. This part of the compact introduced a stronger sense of regional coordination and planning for land development.

Third, the compact reassigned appointment responsibilities for a variety of boards and commissions with regional responsibilities so that there was better accountability to the elected officials of Louisville and Jefferson County. Boards and commissions with responsibility for air pollution, health, crime, and planning were assigned to Jefferson County, while those responsible for disaster and emergency services, human relations, the zoo, and a museum were assigned to the city. Funding allocations were adjusted accordingly.

**Montgomery County (Ohio)**

Montgomery County, and its central city Dayton, Ohio, designed and initiated a countywide strategy of cooperation in 1989 that combined a fiscal equalization component and economic development project funding. The program is known as ED/GE: Economic Development Government Equity. The economic development funds are earmarked for the jurisdictions that choose to participate in the fiscal equalization plan. Dayton and more than 25 other jurisdictions are involved.

The Montgomery County program makes economic development the common denominator for regional cooperation, but does not create an overarching regional organization or alliance. In effect, the program is a combined tax base sharing and economic development approach administered by county government. It created a financial pool, funded by a one-half cent increase in the local sales tax, from which grants are made for economic development projects in participating jurisdictions. Another pool of funds is created by a rate applied to the shared tax base. To be part of one, you must participate in the other, so there is an explicit operational linkage between economic development and fiscal sharing. Montgomery County executed ten-year contracts with the participating jurisdictions.

Designing and implementing the program was no easy task: developing the ED/GE arrangement involved more than 47 regular participants during a three-year period. Even after
what was clearly widespread multi-jurisdictional involvement, litigation designed to halt the plan was initiated by several other cities. County government assumed the initiative for creating the ED/GE program. After discussions of the initial idea, a countywide "Community Cooperation Task Force" was created, composed of 20 members and two facilitators. Montgomery County staff formed a technical group responsible for modeling fiscal equalization. The Task Force created another advisory subcommittee responsible for canvassing the views of township politicians and administrators. This subcommittee supervised the work of the technical advisory groups responsible for designing and testing the fiscal equalization formulas.

A key element of this case is the conflict that developed between Dayton and its suburbs concerning the use of a "need-based formula" to guide cooperate revenue sharing. Dayton preferred incorporating factors such as per capita income, unemployment rate, poverty level, and tax effort, while the suburban jurisdictions opposed using such factors because of the suburban belief that the declining central city would become the big winner from the common pool resources. The mistrust of central cities by suburbs whenever metropolitan cooperation initiatives arise is common to such efforts.

**Hackensack Meadowlands District**

The Hackensack Meadowlands District is a unique intermunicipal tax sharing program that involves the use of a special district approach to implement a form of interjurisdictional fiscal cooperation. A special district encompassing 14 municipalities in two counties was implemented in 1970. One of the cities included in the district, Jersey City, is also classified as a central city. However, none of the municipalities are located completely within the district. Instead, the boundaries of the district are co-terminous with a physical-geographical area, the Meadowlands wetland area. The district has a regional mission: to help guide the development of land located with the wetlands area. As a special district, then, it overlays other existing taxing units, and has its own administrative structure and staff (Hackensack Meadowlands Development Commission, 1972). The district has administered a number of successful reclamation projects, including the Meadowlands Stadium, now home of the professional football team the New York Giants.
IV. Conclusions

Despite the wide variety among the 19 organizations in terms of institutional type and approach, it is possible to broadly classify them into three groups distinguished by the basic methods used to accomplish regional objectives. First, some organizations pursue regional cooperation through a "traditional business development" route of business attraction, retention, marketing, and development. Second, some pursue regionalism through direct economic development financing and public-private partnerships. Third, some institutions use informational, planning, task force, conflict resolution and problem-solving methods to promote regional cooperation. Finally, some agencies have mandated infrastructure construction and service delivery functions. Using these three categories, the profiles can be partitioned as follows:

<table>
<thead>
<tr>
<th>Traditional Business Development (CoC)</th>
<th>Traditional Economic Development (FEDO)</th>
<th>Informational, Task Force, Planning, and Problem-Solving</th>
<th>Infrastructure Development and Service Delivery</th>
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From this, several conclusions about institutionalized regional cooperation can be developed that can potentially help leaders in the greater Indianapolis region in their quest for greater cooperative strategies for central Indiana. In brief, these conclusions cover three interrelated observations: (1) the organizations analyzed here do exhibit several common structural and tactical schemes, but (2) there is no "one best way" to regional cooperation, in part because (3) basic decisions about which kind of organizational approach will be used to elicit regional cooperation will in turn limit the kinds of tools available to the "regional" organization to pursue "regional" goals.

A. Common Structures and Tactics

Even though the selected group of regional entities examined here demonstrated a wide variety of approaches within many different state and regional settings, a few common themes are still evident. First, the internal differentiation of many of the organizations was similar. Many were organized into a group of standing or ad hoc committees with differing responsibilities linked respectively to the organization's goals and objectives. The M21 group, Allegheny Conference, Miami Chamber, the regional councils, and others used a decentralized task force approach to tackle regional issues.

Second, all the organizations profiled created forums for the discussion of regional issues. This is arguably the major common accomplishment of each of these entities. Through their existence and adoption of a regional orientation, they essentially force a regional dialogue on economic development, planning, infrastructure, and business attraction. Within
dialogue on economic development, planning, infrastructure, and business attraction. Within this context, the more public and private organizations there are with a regional perspective, the more likely it is that issues related to the regional impact of, for example, work force training, public infrastructure policies, or interjurisdictional competition can be brought to light and discussed by the interested parties.

B. No "One Best Way"

It is clear there is no single organization profiled here that necessarily meets all the needs of the Indianapolis metropolitan region. The IPL/PSI research initiative recognizes a need for regional cooperation, but expresses that need in terms of current issues specific to the central Indiana region: infrastructure planning, economic development incentives, central city and suburban business development, and work force training. In this same sense, all of the regional organizations profiled here may have focused on one or the other of these same issues, but no entity focused on exactly those of specific interest to the Indianapolis region.

In fact, the entities differed from one another, often significantly, even if they were of the same institutional type. Regional councils are very similar in structure, but may focus on very different functions and concerns. Non-profit corporations can be engaged in actual economic development investment in a region, or simply in the development of regional plans. Moreover, the different organizations profiled here define success differently, depending on the type of agency and its objectives. Metropolitan chambers of commerce and economic development agencies tend to focus on the number of business firms attracted to an area and job creation as major milestones of success. Regional councils measure success in terms of the number and types of regional plans developed or regional problems addressed by their members. A regional special district gauges success based on cost and service delivery considerations.

C. Decisions About the Organizational Approach

Assessing the type and design of organizations needed, if any, to help further regionalism in central Indiana is likely to require a set of "staged" decisions. First, as suggested above, a basic decision is required to isolate the fundamental function of the regional entity (e.g., traditional business or economic development, service delivery, or planning). Deciding the basic function of a regional organization also defines the kinds of tools and methods available to pursue regional objectives.

Second, consideration of whether an existing organization can take on broader regional objectives would need to take place; opposed to this, of course, is whether a new entity should be created. In part, information about the existing state of cooperation and coordination within the Indianapolis region is needed to evaluate these questions. Part Two of the IPL/PSI research program will, in fact, assess the state of regional cooperation now in place.

Finally, entwined in all of this is a series of other questions about the appropriate definitions for the Indianapolis region. For instance, is one uniform definition best for all forms of cooperation or should different definitions for cooperation in different functional
areas be used? Should one definition be used for economic development, but another used for infrastructure planning? While this set of profiles may provide some information about how these questions have been answered in other instances of regional cooperation, leaders in the greater Indianapolis metropolitan area will have to consider them specifically in the context of central Indiana.
Selected Bibliography

Material on general issues related to regional cooperation:


Material on specific profiles of regional cooperation:


Metro Denver Network, Detailed description of the goals, strategies, components, etc., of the Denver regional coalition.


## Appendix I

Regional councils located within major metropolitan areas

<table>
<thead>
<tr>
<th>State</th>
<th>Name(s) of Major Metros</th>
<th>Primary City in Metro</th>
<th>Regional Activities Code</th>
<th>Number of Jurisdictions</th>
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**KEY for CODES:**

- **MPO:** Metropolitan Planning Organization
- **EDD:** Economic Development District, as designated by the Economic Development Administration
- **LDD:** Local Development District as designated by the Appalachian Regional Commission
- **SDA for JTPA:** Service Delivery Area for the Job Training Partnership Act programs
- **CDC:** Certified Development Company

**SOURCE:**

National Association of Regional Councils: "Directory of Regional Councils in the United States."
REGIONAL ECONOMIC DEVELOPMENT ORGANIZATIONS
“Best Practices”
Regional Economic Development Organizations
“Best Practices”

Below is a list of some of the nation’s “Best Practices” in economic development organizations. A summary has been provided for each organization followed by some of compositional make-up’s and qualities they have respectively. The list was generated by the Center for Urban Economic Development (CUED).

BACKGROUND:
Regional Growth Partnership, Toledo, Ohio
The Partnership is a private, not-for-profit development corporation. Leadership is provided by input and policy oversight by a professional staff by a Board of Trustees. The Board meets monthly to set operating policy and review performance and results. It is comprised of Chamber and Port Authority representatives, including representation from the region. The Partnership is organized in three core business units:
- Business Development
- Development Resources
- Strategic Management

Mission:
Achieve the regional vision by creating a supportive economic environment and generating sustained growth in employment and income base.

Goal:
- Lead regional consensus in support of strategic issues and challenges affecting economic environment and state business climate.
- Create a regional “brand identity” as the gateway to the Industrial Midwest.
- Create an effective network of organizations with a common vision and mission.
- Generate benchmark growth in employment, income and tax base.

Funding: Funding is jointly provided by the Port Authority, Chamber, Columbia Gas of Ohio, and the Toledo Edison Company.

Strengths: Direct services in:
- Customized sales presentations and location proposals
- Comprehensive facility and site searches
- Labor availability, wage rates and access to training programs
- Vendor and supplier information and business-to-business networking
- Project financing assistance, packaging, incentives, and tax abatement
- Project development and expediting assistance

Other:
As the lead regional economic development facilitator, the Regional Growth Partnership works closely with all public and private sector economic development groups and organizations. The Partnership cooperates with other ED-related groups by leveraging promotional dollars and marketing activities.

Successes:
- Assisted in retaining 4,900 jobs in Toledo working with Chrysler Corporation to construct a $1.2 billion Jeep Plant through tax incentives, such as: Investment Tax Credits, Tax Exemption, Brownfield Credit, Training Credit and Infrastructure improvements.
BACKGROUND:
Greater Washington Initiative
The Greater Washington Initiative is an aggressive economic development organization. The Initiative has launched a $10 million, five-year marketing campaign to attract new businesses to the area as well as retain current businesses. Established in 1994 as a private/public partnership, the Initiative was formed on the premise that the Greater Washington region must be promoted as a whole in order to successfully compete for economic growth. The Initiative combines, business with county and city governments. It is the official business development organization of the region, bringing together the talents and resources a company might need for evaluating, planning and implementing an expansion move. There are 19 counties covering 5,000 square miles and over 5,000,000 people that encompasses the Initiative’s territory.

Mission:
GW1 is committed to marketing the region as an optimum location to conduct business, for the purpose of spurring economic growth and job opportunities.
- To promote (market) the region as a premiere national and international business center with emphasis in science and technology.
- Act as a value-added information resource and clearinghouse for internal/external and other influential audiences.
- Achieve positive measurable impact on the attraction of targeted sector companies and jobs to the Greater Washington region.

Funding: Funding is provided through fundraisers. “Capital Funding Strategies,” a consulting firm from Columbus, Ohio has been retained to raise funding for the Initiative. 30% of the Initiative is publicly funded and 70% is made up of private contributions.

Strengths: Direct services in:
- Unique because they have two states and a city, Maryland and Virginia and Washington D.C….i.e. marketing, meetings, etc.
- Enormous leveraging based on the qualities of the region.
- They are affiliated with the Board of Trade and can set up meetings with businesses very quickly, with over 1,500 member companies.

Weaknesses:
- The Initiative does not have the authority to offer financing tools (i.e. TIF’s, Tax Abatements, etc.), because they are part of the Chamber of Commerce.
- They don’t have closing capabilities, it is up to the local economic development partners to close the deals...so if some of the communities aren’t interested in a project, or too busy, the project will collapse.

Successes:
- Work very well with the news media to help change the perception of the Washington D.C area through educating the media as to what the area has to offer.
- Site Selection Magazine chose the Initiative in 1998 as one of the top 10 economic development agencies in the country.
- Fortune Magazine chose Washington D.C. as one of the top cities to live and work. The Initiative meets with the newsmedia as they go on trips to other cities...they have been to New York to meet with Fortune Magazine.
- They work aggressively with Real Estate Consultants, Arthur Anderson and other Accounting firms to talk about the economic development services when they review real-estate deals.
BACKGROUND:
Penn-Northwest-Development Corporation

Penn-Northwest-Development Corporation is a 501 (c)3, private, non-profit economic development corporation serving the economic development needs of Mercer County and surround areas. Penn-Northwest is governed by a forty eight-member board of directors. Penn-Northwest functions through working committees including the executive, prospect development/marketing, program review/loan, industrial sites, finance, and committees established from time to time to oversee corporation business or operations. The Board is structured to integrate a vast array of public and private resources into working groups to facilitate economic development service delivery throughout their service area.

Mission:
Penn-Northwest:
Penn -Northwest is committed to marketing the region as an optimum location to conduct business for the purpose of spurring economic growth and job opportunities.
- The attraction of new business and industrial investment
- Team Pennsylvania, the retention and expansion of the existing, value added economic base, and
- The coordination and provision of loan packaging, marketing support services, and low cost financing

Funding:
Public/Private. The County government contributes $75,000 or 25% of $300,000 of total budget.
Private contribution is approximately $215,000
The State of Pennsylvania contributes approximately $10,000

Other: Revolving Loan Programs $2.5-$3.0 million in asset values (available cash balances) $400,00-$500,000
Operations:$300,000 salaries, fringes, utilities, rent
Marketing: $10,000-$15,000 direct marketing materials – plus a travelling set-aside of $10,000-$15,000 p/year.

Strengths:
- Continued expansion in loan and grant financial packaging services, which since 1992 has facilitated in excess of $35 million in low interest loans to Mercer County companies and over $4 million in grants to assist industrial projects area-wide.
- Proficient in Business Assistance Center Operations-provides full range of business assistance services including assistance for startup industrial and commercial ventures and assistance to companies which may be experiencing economic difficulties (i.e., new equipment, cashflows, environmental regulators)
- Formal relationship with Gannon University’s Small Business Development Center to provide full services such as training programs, seminars, export trade assistance and procurement aid.

Weaknesses:
- Limited human and financial resources
- They can’t do direct acquisition and development of land per their Board; the Board does not want a non-profit agency to compete with the private sector; they want them to be more of an assisting role to the private sector.

Successes:
- The development of the Growth City Factory Shops…a Factory Retail Outlet development which has 127 stores and now employs 5,000 with average wages of $7.00
- Instrumental in Wintronic’s birth and business success. Assisted a company in acting as a conduit to other sourcing avenues as well as the business community network.
BACKGROUND:
The Economic Development Council of Seattle & King County
The Economic Development Council (EDC) coalition of business, government, labor, education, community and environmental interests, together with EDC staff, accomplishes their mission through a flexible business development system that provides the following services: siting and financing recommendations, permit assistance, workforce referrals, area tours, and information about local industries, taxes economic conditions and demographics.

The EDC actively coordinates its job creation efforts with local organizations, including cities, the County, the Port of Seattle, and chambers of commerce. Activities include marketing King County, strategic recruitment of new businesses, brownfields redevelopment, and relocation of businesses affected by public development policies.

Mission:
The mission of the Economic Development Council of Seattle & King County (EDC) is to retain and create family-wage jobs in King County, and to do the following:
- Retention and recruitment of core competencies
- Targeted economic sectors (manufacturing and high technology)

Funding:
Funded approximately 50/50 public/private
The King County government provides funding
Private sector companies from Boeing to Microsoft contribute funding

Strengths:
- The development of a regional economic development plan that includes local chambers and cities to develop and implement proactive strategies for identifying and retaining existing manufacturers and high technology companies.
- Effectively broker information to businesses

Weaknesses:
- Unable to offer tax incentives to companies. Other organizations can package ED projects.

Successes:
- Attracted Talgo Train...a high speed train manufacturing company who wanted an office on the West Coast -created 40 jobs
- Eventually 250 jobs will be created for Sato Travel (a call center)
- Created 30 jobs for Seno Telecommunications (R&D)

Other:
King County has a very detailed strategic plan as to how they will achieve their objectives in the respective areas of expanding EDC membership base; the plan includes:
- Marketing ED initiatives regionally and nationally,
- Upgrading the substance and quality of EDC communication vehicles, such as development a new brochure, increasing media coverage, public speaking engagement, etc.
- The Board of Directors consist of forty-five to fifty (45-50) Directors; at least (22) Directors shall represent private business enterprises located within the County and inside and outside the County that are in the public sectors including: local municipalities, chambers of commerce, economic development professionals, etc.
BACKGROUND:
Fairfax County Economic Development Authority:
The Fairfax County Economic Development Authority is an independent authority created in 1964 by state legislation and funded by Fairfax County. It operates under the direction of seven Commissioners appointed by the Fairfax County Board of Supervisors. The FCEDA provides a wide array of services and information designed to promote Fairfax County as a business location for domestic and international companies and organizations.

Mission:
To be a catalyst for the economic conditions that will foster continued business growth in Fairfax County.

Sources of Funding:
Fairfax County Commissioners

Strengths:
- Pro-business environment in helping companies relocating to Fairfax County
- Well-known nationwide as a high-tech center.
- The largest concentration of high-tech service firms in the nation according to Wharton Economic Associates.
- Streamlined significant outreach efforts to international organizations and has gained greater access to target companies. Where it once used to take months to arrange meetings with international companies, now only takes days.
- Commitment to positively branding the FCEDA by marketing through national advertising such as National Public Radio and a website and other high quality publications such as the Economist and CNN.
- They do have I/O financing... they just give the stamp of approval.
- They have a small revitalization district for tax abatement.
- They are phasing out the Business Professional or Occupational Licensures (BPOL) tax which is based on gross sales revenues for just software developers.

Weaknesses:
- They don’t have a LAN (Land Area Network)... staff are not using technology to their advantage. For example, a staff member may be working with a company and the other one does not know that the other is... thus, inefficiencies and duplications of efforts.
- Lack of labor force from external market.

Successes:
- 158 firms announced in 1997 they were locating to or expanding in Fairfax County.
- The Authority worked directly to assist firms that created more than 13,300 jobs in the County during 1997.
- The World Information Technology and Services Alliance, the umbrella organization for 28 regional and national associations throughout the world, established its international headquarters in Fairfax County during 1997.
- Attracting venture capital through the Capital Region Technology Investor Conference gave the regional businesses the opportunity to educate analysts about their business operations for future business creations. (Note: this was held in 1997)
BACKGROUND:
Joint Venture: Silicon Valley Network:
Joint Venture's regional network covers all of Santa Clara County, California, as well as San Mateo County from Route 92 south, Scotts Valley in Santa Cruz County, and Fremont in Alameda County. With a population of 2 million people, Silicon Valley is larger than 18 states in America.

Mission:
The mission of the Joint Venture: Silicon Valley Network is to bring people together from business, government, education and the community to identify and to act on regional issues affecting economic vitality and quality of life. The initiatives to achieve the mission includes:

- Retain, expand and attract business to Silicon Valley
- Support entrepreneurs in their efforts to start new businesses
- Sponsors a unique partnership between the public/private sectors to streamline regulatory processes and reduce costs
- Promotes the transition of defense firms to commercial and dual-use opportunities
- Bring business and government together to address tax and fiscal policy issues important to the future of the Valley
- Stimulates the development of environmentally-beneficial industry
- Is leading the creation of an electronic community in the Bay Area

Funding:
Provided by large and small businesses, local state and federal government, professional associations, labor organizations, foundations, and individuals. Joint Venture: Silicon Valley Network is a 501 (c) 3 (6) nonprofit organization. Several of their ventures are independent 501 (c) 3 or (c) 6 organizations.

Strengths:
- The development of a regional economic development plan that includes local chambers and cities to develop and implement proactive strategies for identifying and retaining existing manufacturers and high technology companies.

Weaknesses:
Information not available.

Successes:
Information not available.
BACKGROUND:
Greater Phoenix Economic Council:
Greater Phoenix Economic Council (GPEC) is the regional economic development organization for Maricopa County and the 14 cities and towns that make up the Greater Phoenix market. GPEC represents the dynamic partnership between the region's business community, the public sector, and major educational institutions, providing business assistance to firms evaluating the Greater Phoenix Market.

Mission:
The mission of the Greater Phoenix Economic Council is to provide superior assistance to employers in the creation and expansion of quality jobs and earnings opportunities for the residents of Greater Phoenix.

GPEC's Goals:
- Improve the region's business image
- Diversify the economic base by attracting desirable new business and industry in key economic clusters
- Build a positive climate
- Assist Greater Phoenix in becoming a competitive region in the U.S. and world economies for people and business-today and into the 21st century.

Funding:
They are public/private partnership. Funding is about 50/50
- 14 member communities who provide funding
- County Government provides funding
- Balance of funding from private sector- 260 plus private sector investors – more than 80% are from large corporations

Strengths:
- Excellent partnerships, cooperation, and collaboration among private and public sectors.

Weaknesses:
- Inability to offer TIFs or other financial incentives to attract businesses.
- During the first five years of the organization, it really took that long to build the organization, which has made it less productive short-term, but long-term they now have a strategic focus on bottom-line results.

Successes:
- Recognized nationally as the second best regional economic development organization based on innovative programs and effectiveness
- Very aggressive editorial campaign with the media
- The Arizona Strategic Plan for Economic Development, which has transferred to the Governor's strategic partnership for ED, which began in 1990 and is still being implemented today. The plan is so huge that it has changed the strength of the economy.
- The Partnership has been able to raise the bar in salary structures for new entrant companies, those jobs that value-added.
- Great attraction/retention on high industries (i.e. Motorola ~20,000 employees, Intel, 18,000 employees)
- Continue market large high tech vendors and/or suppliers to the large high tech companies.