

# Comprehensive Analysis of the Financial Impacts of a Potential Merger between Washington Township and Centerville City in Montgomery County, Ohio



URBAN AFFAIRS CENTER

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## **Dr. Hugh Hinton**

Associate Professor of Political Science and Public Administration  
Director, Public Administration Program  
The University of Toledo  
Faculty Research Associate, The Urban Affairs Center

## **Dr. Jack L. Dustin**

Director, Center for Urban and Public Affairs  
Wright State University



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By The University of Toledo Urban Affairs Center

With

Jane Dockery, M.B.A.  
Associate Director, Center for Urban and Public Affairs  
Wright State University

Carol Hooker  
GIS and Data Specialist, Center for Urban and Public Affairs  
Wright State University

**The University of Toledo**  
**Urban Affairs Center**  
2801 W. Bancroft St.  
Toledo, Ohio 43606  
419-530-3591  
E-Mail: [uac@utoledo.edu](mailto:uac@utoledo.edu)

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## Foreword

This study by the Urban Affairs Center (UAC) at The University of Toledo and the Center for Urban Affairs at Wright State University was commissioned by the Board of Trustees of Washington Township and the City Council of Centerville, both in Montgomery County, Ohio. The charge originated with a Joint Agreement between the Trustees and the City Council signed on January 15, 2007, which was to jointly fund a complete financial analysis conducted by a neutral independent agent. The purpose of the study is to determine the overall financial impact on the citizens if the two entities merged under existing provision of the Ohio Revised Code (see Attachment 0.1)

We emphasize that the analysis is solely to provide information to the officials and citizens of the City and Township, and is not intended to be interpreted as a step in the merger process. In conducting the study, we have focused on projected changes in revenues and expenditures that would likely be associated with a merger, in particular, property and income tax collections and costs of local government services; we have also estimated the likely effects of these changes on major community stakeholders: City and Township residents, and businesses and workers in the City and Township. In limiting our analysis to financial concerns, we do not imply that these are more important than other concerns.

The initial discussions with City and Township officials directed that the study be comprehensive. It was to include the cost for additional services in the event of a merger, and estimate which property tax levies currently paid by residents for urban services could be replaced by a city income tax should a merger occur. These were to include all City and Township levies as well as those for the Centerville-Washington Park District and the Washington-Centerville Public Library. The School District was explicitly excluded, and no one from this jurisdiction was interviewed. The initial draft of expenditure estimates included both the Park District and the Library, and was submitted to both City and Township officials for their review in October 2007. The completed draft in January 2008 estimated that additional income tax revenues would not be sufficient to include the Library but would likely be sufficient to include the Park District, and was also reviewed by officials of both jurisdictions. In March, officials of both jurisdictions reviewed the PowerPoint presentation prior to the March 31 public meeting.

Our research for this study began in June 2007. In preparing this report, we drew upon data from multiple sources, consulted with many public officials and community leaders, and communicated regularly with officials of Washington Township and Centerville City to respond to questions and ensure that we were addressing the issues that were important to them.

The first step in our research was to conduct background interviews with officials of the City and Township to familiarize ourselves with their perspectives on the important

financial concerns raised by a merger. Next, we explored the experience of other Dayton-area and Ohio communities, by updating previous academic research and telephone interviews, to identify factors associated with positive or negative merger outcomes, and similarities and differences between those communities and Washington Township and Centerville City. Insights from this background investigation guided our examination of the likely effects of a merger on expenditures and revenues. We began by compiling budget information, then conducted additional interviews with City, Township, and county and state officials as well as other community leaders to investigate the effects of a merger on service levels and costs.

Estimation of revenue sources for a merged community proved to be the most difficult part of our research, due to the data limitations discussed in Section III. Similarly, in estimating intergovernmental revenues and shared revenues from the state and county, we believe our estimates are correct unless there are changes in the current formulas for distributing the affected revenues.

## **Acknowledgements**

It would have been impossible to complete this study without the assistance of numerous individuals who shared their knowledge and insights about legal, financial, and other aspects of local government mergers.

From the initial stages of our research to the final draft, the following officials of the City and Township contributed time from their pressing duties to provide valuable background information and review of the factual accuracy of the final draft.

Mike Barlow, Finance Director, Washington Township  
Terrence Blair, President, Board of Trustees, Washington Township  
Doug Cline, Member, Centerville City Council  
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William Gaul, Chief, Washington Township Fire Department  
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Ken Parks, Chief (retired), Washington Township Fire Department  
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Sheilah H. McAdams, Law Director, City of Maumee  
David C. Hazard, Finance Director /Municipal Clerk, City of Maumee

**Documents**

The team had access to a large number of documents, both print and electronic, which are found in the References section at the end of the report.

We are grateful to the administrators and elected officials of both jurisdictions for their invaluable feedback as the report was being developed. Without our graduate research assistants at The University of Toledo, Allison Bugaj and Kristina Vineyard, compiling many of the details of this report would have been immeasurably more difficult. David Jones, Research Associate for CUPA, provided assistance in conducting interviews and in other tasks. Molly Schiever of the University of Toledo Urban Affairs Center Press provided editorial comments on the various drafts. At the University of Toledo, Sue Wuest, Assistant Director of the Urban Affairs Center, and Gregg Rice, Data Manager of the Urban Affairs Center, provided assistance with the final construction and editing of this document.

Ultimately, however, the responsibility for the analysis in this report, the interpretation of data, and for any errors and omissions rests with the authors.

## Introduction

The City of Centerville and Washington Township together form a rectangle in the southeast corner of Montgomery County. The City generally occupies the northeast quadrant of this area, with the exception of a sliver which connects a golf course and residential area in the southwestern quadrant. The City actually divides the Township into two parts, and consequently, the boundary between them is very uneven, and in many places the two are indistinguishable. Both share a number of jointly-financed urban services, including a common school system and library district, fire protection and recreation facilities, a senior center and park district. More than one official of both jurisdictions described it as "one community with two governments."

We drew three distinct impressions from interviews and other contacts with the officials. First, they displayed a strong commitment to their jurisdiction, awareness of the advantages of their form of government, and appreciation, in some cases reluctantly, of the advantages of the other form. Neither dispute that both jurisdictions provide high levels of services to their citizens, as recognized by the periodic citizen satisfaction survey conducted last in 2007. As posted on the Township website, "Responses from residents of the incorporated and unincorporated areas of the township were statistically no different." Description and summary can be found at <http://www.washingtontwp.org/news/08/CitizenSurvey.html>.

Second, communication and at least a cautious willingness to cooperate appear to currently exist between the jurisdictions, after past tensions have eased somewhat. The high-level officials of both seem to know each other very well and were able to anticipate the positions that other officials would take for or against a merger and offer counter-arguments even before the subject arose. Further, some even have spouses employed by the other jurisdiction.

A clear example of this cooperation is found in the *Create the Vision* project. In September 2002, the City and Township initiated a process to create a joint community plan in one of the very few examples in the State of Ohio of planning between municipalities and townships. The objective was to provide the Community with a plan that addresses needs and aspirations across jurisdictional boundaries. In June 2004, the City of Centerville and Washington Township adopted the Create the Vision Community Plan at a joint meeting of Township Trustees and City Council. More detailed information and its three volumes are available on the web at <http://www.createthevision.org/>.

And finally, both jurisdictions have a high degree of political and administrative stability, as indicated by the length of tenure of elected and appointed officials. Such stability provides continuity for policies and is a positive sign that there is no significant discontent in either community. Such complacency among the voters may also signal satisfaction with the status quo.

Selected statistics presented in Table i.1 verify the similarity between the two jurisdictions. Both are composed of residents who are predominantly Caucasian, well educated home-owners. Approximately two-thirds of the residents in both jurisdictions live in family units, and almost 90% of the remainder live alone rather than with unrelated individuals. Income levels and home values are high in both areas, although the Township held an approximate 20% edge over the City in these areas when the 2000 census was taken. Another difference is family size, reflecting the slightly older population of the City, where 19% of the population was 65 or older, compared to only 14% in the unincorporated areas.

**Table i.1**  
**Comparison of Selected Socio/Economic Characteristics**  
**City of Centerville and Washington Township**

	City of Centerville	Washington Township
<b>Population</b>	23,024	29,967
<b>Area</b>	10.9 sq.mi.	16.4 sq.mi.
<b>Race</b>		
<b>White</b>	92.3%	92.3%
<b>% 65+ years of age</b>	18.9%	13.8%
<b>Education (Ages 25 and Over)</b>		
<b>Attended College</b>	75.7%	79.3%
<b>Bachelor's Degree</b>	17.9%	22.9%
<b>Graduate or Professional Degree</b>	22.1%	19.5%
<b>Per Capita Income</b>	\$30,210	\$37,674
<b>Average Family Size</b>	2.82	2.96
<b>Median Family Income</b>	\$68,580	\$89,358
<b>% Homeowners</b>	64.6%	70.3%
<b>Median Home Value</b>	\$148,700	\$174,652

All data was obtained from the US Census Bureau,  
[www.census.gov](http://www.census.gov); Township data calculated

Such a homogeneous population makes it easier to maintain and develop a sense of community and cooperation. More detailed comparisons, particularly the similarity of occupations of the residents of both jurisdictions, can be found in Volume 3 of "Create the Vision."

## Executive Summary

This study examines the overall financial impact on the citizens of the City of Centerville and Washington Township if the two entities were merged under existing provision of the Ohio Revised Code. Its purpose is to provide objective information which leaders and residents of these communities can use as the basis of determining whether, and how, to proceed with a merger between the two existing jurisdictions or to explore other alternative means of cooperating or consolidating common services. Through the use of available data, we will clarify the costs and benefits to each of the identifiable parties in the City and Township.

There are four sections in the study. Each deals with important questions for a proposed merger and presents the information that is available to answer them. Section I reviews the experiences of other communities that have considered mergers and presents their lessons for this specific situation. Section II estimates the costs of continuing existing levels of services in the communities. Section III examines the likely revenue sources and their levels necessary to continue providing these services. Section IV examines the effects that a merger would likely have on the different stakeholders in both communities.

### Section I

Both professionals and academics have largely ignored analyzing the procedures and results of the merger process in Ohio. The only academic literature we discovered was a graduate paper from Ohio State University (OSU), which was very helpful but which only covered the period through 1996. The author did, though, provide a useful summary of reasons communities considered a merger and the issues that developed during the merger process. The first of these are *reasons for considering a merger*.

- The most important reason was to prevent annexation of township lands by a larger community. This does not appear to be a relevant argument for considering merger between Centerville City and Washington Township, unless community members wanted to prevent piecemeal annexation over a long period or it takes the form of an actual annexation threat by another jurisdiction.
- The second most common reason was economic development, in some cases separate from annexation, and in other cases as an extension of annexation concerns. A merger allows two separate political entities to combine their resources to compete more effectively with other communities rather than with each other.
- The third important reason was to protect the funding and tax basis for the school system. Since Centerville and Washington Township already have a combined system, this point is relevant in that a merger would reduce the competing Township/School District claims on property tax revenues.
- Other reasons cited that might be relevant include managing growth in the area, funding services with the income tax, the unity of being one community, and eliminating interjurisdictional obstacles.

The second aspect of proposed mergers covered in the OSU graduate paper was the *issues that developed* during the merger process, particularly the political, legal, financial, and operational impacts of a merger.

- The form of government that the merged community would take.
- The kind and level of services to be provided and the means of financing them.
- The loss of identity as a rural township is an issue not likely to be significant if this merger process continues
- Job security and employee benefits in turn are issues that could complicate the merger process between Centerville City and Washington Township, particularly since the latter has more employees than other townships involved in merger attempts.
- Educating the public so that voters have objective information about both the positive and negative consequences of the proposed merger is important for refuting misinformation distributed through anonymous rumors.

Our review of other mergers or merger attempts confirmed the importance of these issues, and suggested *specific lessons* for the Washington Township-City of Centerville case:

- Statistically, the overall odds are not in favor of a merger. However, merger attempts in Montgomery County have defied the statewide averages, in that three of four have been approved.
- Because the Township and City already have high levels of service and both already finance two of the most expensive services —police and fire protection— it is possible to estimate relatively accurately most of the expenditure needs of a merged community.
- The most expensive services that a merged community would need to assume are the subsidized police protection provided by the County Sheriff and the road servicing provided by the County Engineer and ODOT.
- Because Washington Township has a large number of public employees, their job security could become a significant issue in a merger attempt.
- In contrast to a number of merger attempts, Centerville City and Washington Township are both urban and have a long history of close cooperation.
- It is important that the merger process be open and transparent so that false rumors and distrust do not gain credibility.
- Similarly, proponents of a merger should be cautious about overselling the advantages of a merger, particularly in presenting an unjustifiably optimistic financial scenario.

## **Section II**

Section II estimates the expenditure levels necessary in a merged community to maintain existing service levels. These were based on budgeted expenditures for 2007 and actual expenditures and other financial data for 2006. The expenditure estimates in Section II and the revenue estimates following in Section III are based on the following assumptions:

- Alterations in the lifestyle and service level of each community would be as minimal as permitted by state law and local conditions, such as public health and safety.
- The merged community would assume the financing instruments typical of a city. As a City, the merged entity would rely primarily on an income tax to finance current services and thus reduce as much as is financially feasible the property taxes presently collected by the Township and the special districts which now serve citizens of both jurisdictions.
- The merged community would shoulder the costs of previously borne county and state services to the Township that are typical in Ohio.
- A merger would include a unification of the comparable administrative units and personnel, rather than an absorption of one entity by the other, with a gradual elimination of duplicated functions and facilities and necessary increase in personnel.
- There would be a transition period that would assure the minimum amount of service disruption and confusion of responsibilities.

We emphasize that these assumptions are not intended to be interpreted as recommendations but rather as a basis or a starting point for discussions and decisions by the actual stakeholders in a merger decision. Using these assumptions, we first examine probable expenditure changes in a merged community and then in Section III review the revenue changes that will be needed to cover these expenditures.

Public sector finance utilizes funds, which limit designated receipts to specific disbursement activities. Not all funds used by the City and Township correspond. Because the merged community would be a municipality, we have used the City's classification, and have noted the sources of revenue that would replace "Township-only" and "district only" funds.

There would be some significant changes in expenditures resulting from a merger between the City of Centerville and Washington Township.

- For some administrative services, costs would be reduced as duplications are eliminated.
- For other services, the costs would remain approximately unchanged but their funding source would change.
- For still others, expenditures can be expected to increase, either gradually or even immediately, specifically for new services or for those which a merged city must take over from the county or from the state.

We anticipate the following general fund savings in the event of a merger:

- There would be some economies of scale primarily because of the reduction of duplicated positions. A merged community would need only one **City Administrator/Manager**, one **public works director/manager**, and one **finance**

**director**, with estimated savings of approximately \$350,000. We assume that support personnel for these offices would be retained.

- There would also be some savings in reducing existing **duplications in facilities** of at least \$140,000 a year in utilities and upkeep.
- Another savings that would be fund-specific would be a reduction in **county auditor and treasurer fees**, charged for assessing property values and collecting property taxes. These would decline as property taxes are replaced by revenue from the income tax, with a savings of approximately \$200,000 a year (if the Park District is included).
- A merger would also reduce general administrative overhead by facilitating shared equipment and shifting financial and personnel functions to a City office, such as accounting, payroll, purchasing, and budgeting.

The costs of some general fund services in a merged community would likely be unchanged, although with different funding sources:

- There would continue to be **legislative** expenses, with the amount dependent on the size of the new legislative body, the stipends of its members, and the necessary support personnel, the number of which could likely be reduced.
- A merged City would perform **building inspection** responsibilities in the unincorporated areas of the Township, now performed by the County. However, any needed increased expenditures can be offset by increased revenues.
- A merged community would need only one **legal counsel**. On the other hand, it would have to assume legal services currently provided by the County Prosecutor. However, the cost would likely be less than the more than \$400,000 currently paid by both jurisdictions separately.
- Additional costs for **prosecution services** and **court/jail costs** would be substantially or entirely covered by Kettering court costs.
- There are several entities which currently provide services to and are financially supported by citizens and governments of both jurisdictions. We assume that the services they provide will continue to be supported at the same level, except for some savings as duplications are reduced. The most noteworthy change in these services would be the financing methods, as the income tax replaces property tax levies. These include the **Washington Township Fire Department**, the **Township Recreation Center**, and the **Hithergreen Senior Center**. **The Centerville-Washington Park District might or might not be included, so our revenue and expenditure estimates make calculations both ways.** According to our estimates, there would not be sufficient revenue to support the Washington-Centerville Public Library, so it is not included in our analysis.

Some general fund expenditures can be expected to increase, either gradually or even immediately, specifically for new services or those which a merged City must take over from the county or from the state. However, for many of these, there will be offsetting additional revenues.

- The **income tax division** would be required to add personnel to that in the current City. The additional cost is estimated at \$90,000 in salary and benefits.
- The **engineering services** that are currently performed by the County would be assumed by the merged City at an estimated additional cost of \$435,000.
- Although both jurisdictions provide **police protection**, estimating the cost in a merged community is problematic. Expenditure needs in a merged community would exceed the total of current expenditures in both jurisdictions. It is difficult to determine the cost of replacing the services currently provided by the Montgomery County Sheriff. We estimate that initial costs would be approximately \$200,000 greater than current combined expenditures by doubling the current size of the Centerville Police Department. This action would provide sufficient police personnel to maintain the current ratio in the incorporated areas and increase the ratio in the unincorporated areas of the Township currently served by the Montgomery County Sheriff. We would expect the costs to eventually increase to between \$700,000 and \$1.7 million greater than current expenditures because of step increases and promotions of new hires.

In contrast, there would be significant increases in public works and capital expenditures.

- Assuming responsibility for the state highways in the Township from **ODOT** and the county road system from the **Montgomery County Engineer** would add significant additional expenditure obligations as well as some new revenues. **ODOT** would transfer the portions of State Routes 48 and 725 that are currently within the unincorporated areas of the Township, or 22.75 lane miles. In addition, the merged community would be responsible for the 12 signalized intersections, mowing and drainage, and for snow and ice removal on state routes. We estimate the additional annual costs at \$220,000. Interstate 675 would remain **ODOT** responsibility.
- The Montgomery County Engineer is responsible for 25.4 centerline miles in Washington Township. In addition to road construction, reconstruction, and resurfacing, the engineer provides snow and ice removal, roadside vegetation control, signage, and traffic signals along county roads. Also, the engineer's office maintains 56 bridges in the Township, half of which would apparently become the responsibility of the new community, and acts as engineer for the Township, including review and approval of new subdivision plans and inspecting construction to assure compliance with approved construction plans. We estimate that these new responsibilities would add \$435,000 in engineering costs (to the general fund), \$555,000 for street construction and maintenance (SC&M), and \$284,000 for capital improvements. The Engineer has stated that his office would complete all scheduled projects in the event of a merger and that all projects scheduled after five years are uncertain.

**Summary of Expenditures.** We estimate that in the case of a merger, additional general fund expenditures would be offset by savings, but public works expenditures would increase by \$220,000 for state highways, \$555,000 for SC&M, and \$284,000 for capital improvements. However, eliminating the property tax levies that support most of

these services in the Township would add approximately \$14.2 million (including the park district) or \$10.7 million (excluding the park district) to the current City's general fund expenditures. General fund revenues would need to increase by this amount. Public works revenues would need to increase by approximately \$5 million to assume new responsibilities while eliminating Township property tax levies.

### **Section III**

Section III estimates the revenue that would be available by applying Centerville City's financing instruments in a merged community, and whether this revenue would be sufficient to replace Township levies while maintaining existing service levels. Under our assumptions, the City's 1.75% income tax and 2.35 mill property tax would be retained and extended to the residents, employers, employees, and property in the unincorporated areas of the Township. The Township's 0.70 general property tax would also be retained, but the fire, and recreation district property taxes would be abolished, as would also the millage for the police and the road and bridge funds. The park district could become a City department and the property tax millage abolished, or it could remain a special district.

- Applying the 1.75% income tax of Centerville City would result in an estimated yield of an additional \$13.3 million in revenue, for approximately \$24 million as currently budgeted. This is the low-end estimate; actual revenues might be up to \$6 million more.
- Increased revenue from the income tax will likely permit the elimination of all except the general Township property tax levies (5.2 mills for the City, 13.25 mills for the Township), as well as possibly the 2.90 mill levy for the park district.
- Retaining the City's 2.35 mill property tax and extending it to the unincorporated areas of the Township would add approximately \$2.6 million to general fund revenues.
- According to estimates by the Montgomery County Auditor, the distribution to a merged community from the County's formula-based local government fund (LGF) and local government revenue assistance fund (LGRAf) would increase by approximately \$550,000 over the current aggregate of the two jurisdictions. This amount includes the share that municipalities which levy an income tax receive, proportionate to each municipality's share of the total municipal income tax collected by all municipalities.

In both jurisdictions, road-related public works services are financed by shared revenues (the **gasoline excise tax**, the **cents per gallon tax**, and the **motor vehicle license fee**), the **permissive tax**, and various state, county, and federal grants. Further, Centerville City transfers additional financing from the general fund, and Washington Township levies 4.05 mills in property taxes. We anticipate the following additional revenues for the various public works funds in the event of a merger:

- Gasoline excise and cents per gallon taxes, \$920,000
- Motor vehicle license fee, \$234,000
- Permissive license tax, \$25,000

We estimate that these additional revenues for public works expenditures in a merged community would not be sufficient to finance the additional responsibilities that it would assume from the current Township, ODOT, and Montgomery County. Revenues would fall short by approximately \$1.5 million in the SC&M fund, and additional capital expenditures would increase by approximately \$2.0 million annually; at this point, we cannot say how much additional state or federal funding would be available. There are three identifiable alternatives to cover these revenue shortfalls in a merged community.

- The first alternative would be to **reduce public works expenditures** by deferring maintenance and capital improvements. We reject this alternative, since one of the assumptions in this study is that service levels would be minimally affected in the event of a merger.
- The second alternative would be to draw on **existing unencumbered reserves** in the various funds to cover the public works deficits. Utilizing reserves is an alternative for short-term cash flow problems, but is not a solution to cover what might be a permanent deficit.
- The third alternative would be **transfer** approximately \$1-1.5 million unencumbered balance from the general fund and levy an additional temporary **earmarked property tax** to cover the remaining deficit. We estimate that a 1 mill dedicated property tax applied to the merged community would generate approximately \$1.75 million in revenue, sufficient to cover these deficits. Should general fund revenues be greater than estimated, this tax can be abolished.

Should Centerville City and Washington Township merge, its population would exceed 50,000. As a result, the merged community would be eligible to apply for a Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development. We cannot determine beforehand whether such an application would be successful or if so how much the merged community would receive. Kettering has received between \$500,000 and \$600,000 annually for the past three years.

### **Revenue and Expenditure Summary and Estimated Fund Balances**

In a merged community, revenues for activities to be financed from the general fund are estimated to be approximately \$35.1 million, with cautions about the variability of miscellaneous revenues, as the result of the following:

- increase in income tax revenues resulting from application of the 1.75% income tax to residents, employees, and businesses in the unincorporated areas of the Township
- retention of the City's 2.35 mill property tax in the City and extension to the Township
- retention of the Township's 0.70 mill general property tax
- increased revenues from the local government fund
- elimination of 4.0 mills property taxes for the police department in the current Township
- elimination of 5.2 mills in property taxes in both the City and the Township (fire, recreation)

- Possible elimination of 2.9 mills in both the City and Township (park district).
- retention of other City and Township general fund revenues

Revenues for SC&M are estimated to increase by \$4.57 million, which would be sufficient to cover current road maintenance expenditures of the Township and estimated increased expenses for maintaining streets and bridge responsibilities assumed from the County, resulting from the following:

- Increased revenues from shared taxes
- Eliminating the 4.05 mills of Township property taxes
- Creating a temporary (three year) 1.00 mill earmarked property tax to cover road maintenance and capital expenditures
- Retention of interest and other revenues

We assume that revenues to cover increased capital improvement expenditures will be covered by transfers from the general and SC&M funds.

Revenues for the state highway fund and the permissive tax fund will increase from additional shared revenues. However, these may not be sufficient to cover additional maintenance expenses for assuming state routes from ODOT, and will need to also be covered by transfers.

#### **Section IV**

This section examines the financial impacts of a merger and its likely effects on the stakeholders, including residents, businesses, elected officials, and employees in the City and the Township. The changes with the greatest potential impact are:

- Extension of City services into the unincorporated areas of the Township and financing services for a merged community
- The financial advantages and disadvantages of a merger to the various stakeholders, including changing the share of the tax burden borne by residents and businesses in the unincorporated areas of the Township and in the City
- Uncertainties for the careers and jobs of elected officials and employees
- Alternatives to a merger for cooperation between the two jurisdictions.

#### **Extending Municipal Services**

Since Washington Township already provides many of the expensive urban services to its residents, a merger would bring only a few new services and small changes in the level of some current services. Most service costs would be largely unchanged, with the exception of additional expenditures for assuming responsibilities for services currently financed by Montgomery County and to a lesser extent by ODOT. The most important financial challenge would be to secure sufficient revenues to fund these additional services and to shift financing the existing Township and special district services from a property tax levy to a City income tax, including the following:

- Additional personnel for the income tax and engineering divisions

- Expansion of police services at an initial cost similar to the current contract with the Montgomery County Sheriff's Department
- Increased capital, operating, and office expenditures for construction, repair, and maintenance of roads and bridges in the unincorporated areas of the Township currently handled by ODOT and Montgomery County

### **Advantages/Disadvantages to Stakeholders**

In the event of a merger, taxes would change for residents, businesses, and employed persons in the unincorporated areas of the Township, since we assume that the existing methods of financing City of Centerville services would replace Township financing instruments. If so, current Township residents would be affected by the following:

- Application of the City's 1.75% municipal income tax applied to residents, businesses, and employed persons in the Township.
- Extension of the City's 2.35 mill property taxes extended to the current Township.
- Continuation of the Township's 0.7 mill general property tax.
- An additional (temporary) 1.0 mill earmarked SC&M tax
- Eliminating the following property tax levies, a total of between 13.25 and 16.15 mills:
  - 4.0 mills for police services
  - 4.5 mills for fire services
  - 4.05 mills for the road and bridge fund
  - 0.7 mills for the recreation department
  - 2.9 mills (possible) for the park district
- Decreasing property taxes by a net of between 9.9 and 12.80 mills

Similarly, for current City residents, the following changes in property tax rates would apply:

- Continue the 1.75% municipal income tax, the 2.35 mill property tax, and the 0.70 Township general property tax.
- An additional (temporary) 1.0 mill earmarked SC&M tax
- Eliminating the following property tax levies, a total of 5.2 and 8.10 mills:
  - 4.5 mills for fire services
  - 0.7 mills for the Township recreation department
  - 2.9 mills (possible) for the Park District
- Decreasing property taxes by a net of 4.2 and 7.10 mills

A merger would shift financing of most services in the current Township and some in the City from a reliance on property taxes to a predominant reliance on an income tax. Many government services costs therefore would be transferred from property owners, primarily residents, to employed persons, both residents and non-residents. This would result in reduced property taxes for all property owners in both the current City and the unincorporated areas of the Township. We estimate that with a merger and the extension of the income tax to the unincorporated areas of the Township, property

owners in Centerville City would save approximately \$3.2 million in property taxes and those in the unincorporated areas would save almost \$9 million per year.

While a merger would result in reduced property tax payments for all property owners in both the current City and the Township, the addition of an income tax would not affect all residents, as summarized below.

Income taxes would not change for the following:

- Current City residents
- Current Township residents employed in Centerville City or in another jurisdiction levying an income tax of at least 1.75%.
- Retired persons in both jurisdictions, as the 1.75% income tax is not applied to pensions, investments, Social Security, etc.

Income taxes would increase for the following:

- Current Township residents employed in the Township
- Current Township businesses
- Current Township residents employed in the Township or another jurisdiction without an income tax or with a tax of less than 1.75%
- Current non-residents employed in the Township who do not live in a jurisdiction levying an income tax or with a tax of less than 1.75%.

The residents most affected by applying a City income tax to the current Township would be those not currently paying a municipal income tax or paying a tax of less than 1.75%. We estimate the number of residents affected by the 1.75% income tax and their share of the estimated additional \$13.3 million in revenue are these:

- At the most, 37% currently do not pay any local income tax.
- Between 8% and 10% pay less than 1.75% to their jurisdiction of employment.
- Between 48% and 53% of the additional taxes would be paid by current residents in the unincorporated areas of the Township.

We estimate that applying the 1.75% income tax to the unincorporated areas of the Township would generate at least \$13.3 million in additional revenue. Between 48% and 53% of this amount would likely be paid by current residents and businesses in the unincorporated areas of the Township, for a net decrease in the total tax burden of between \$1.7 and \$2.3 million. For residents of the City, we estimate the savings at approximately \$3.2 million.

### **Property Taxes versus Income Taxes**

In Ohio, income taxes as a revenue source have a major advantage over property taxes. Income taxes are more elastic, since revenues generally increase as incomes increase. Ohio property tax revenues, however, do not automatically increase in response to increased property values because of what is known as the reduction factor. Population growth and residential development in Washington Township have

consistently added new taxable property over the past decades, making it possible to continue supporting high levels of services for both the City and the Township. However, at the point when there is no more usable land for development, or if citizen resistance hampers growth, property tax revenues will be unlikely to keep pace with increased costs of these services. The City and Township will then be faced with either increasing property taxes, reducing services, or finding alternative revenue sources. How far in the future this point is remains speculative. Township officials estimate that it is at least ten years away, depending on the market demand for new construction in Montgomery County.

### **Advantages and Disadvantages of County Provided Services**

One of the financial disadvantages to Washington Township of a merger would be the loss of some expensive services it currently receives from Montgomery County. The most important of these are the contract with the Sheriff's Department for police services that are provided below actual cost and the maintenance of county roads and all bridges in the Township by the County Engineer.

There are, however, some potential disadvantages to this reliance on the County. The declining population is eroding its financial base. Further, an examination of the **Sheriff's** contract funds, which includes the road patrol contracts with Washington and three other Townships, shows that it has been in deficit every year since 2003. Such a financial situation indicates the uncertainty of the current arrangement, particularly since it depends on decisions made by the incumbent Sheriff and approval of the Sheriff's budget by the Commissioners.

Township officials who expressed an opinion about the services provided by the **County Engineer** were generally critical of the responsiveness of this office to upgrading roads and intersections to keep pace with the increased growth needs of the Township. Volume III of *Create the Vision* provides some detail about the inadequacies of County Roads in the Township, and implicitly compares them with the quality of roads in Centerville City.

- City streets change from three or four lanes to two lanes when they cross into the Township.
- All five of the roads in the Township with the lowest Level of Service rating are County Roads.
- Accidents in the Township occur most frequently at County maintained intersections.
- The Township can develop but cannot fully implement comprehensive transportation planning.
- The County Engineer's capital investment plan for 2007-2011 does not include any capital investments in Washington Township after 2008.

Washington Township appears unlikely to receive adequate attention from the County to meet its pressing transportation needs resulting from its current much less anticipated traffic demands. According to the Engineer, projects scheduled after five years are

uncertain. However, should a merger occur, scheduled projects in the Township would be completed.

### **Financial Impacts on Businesses**

The two financial changes that would have the greatest impact on business in the unincorporated areas of the Township are:

- Reduction of property taxes by a nominal rate of between 9.9 and 12.80 mills
- Addition of a City income tax of 1.75% on some profits for corporations; resident unincorporated businesses or resident partner or owner of a resident unincorporated business entity, profession or other activities; nonresident persons or businesses; nonresident unincorporated businesses, professions or other activities; or nonresident unincorporated business entity or pass-through entity.

Interviews indicated that both citizens and officials of the Township expressed concerns that a merger and the imposition of income tax would negatively affect business investments in the current unincorporated areas. Decisions on location and investments are the result of a complex decision matrix involving a number of factors. Without detailed information on the types and sizes of businesses in Washington Township, it is not possible to estimate the impacts of a merger and the extension of an income tax on the location choices of these businesses.

### ***Effect on Current City and Township Employees and Officials***

In merger attempts job security of township and municipal employees was a major issue and in some cases a significant obstacle. In successful mergers, employees of both jurisdictions were guaranteed positions in the newly merged community at no reduction in salary and benefits.

### **City and Township Employees**

In the event of a merger, most of the administrative personnel would need to be retained because of their specialized knowledge of each jurisdiction. If duplicated positions are gradually combined or consolidated in the City, Township, and Park District, there would be some workforce reductions. It would also likely be necessary to change responsibilities and retrain existing personnel.

Both jurisdictions have similarities, with written personnel policies, classified and unclassified positions, and salary schedules with pay grades and step increases. However, comparisons between the two jurisdictions are difficult because not all positions are comparable and the Township has collective bargaining contracts while the City does not.

We make the following assumptions concerning personnel changes:

- The two public works departments would be merged, with the eventual elimination of one of the director/manager positions. Merging a unionized with a non-union unit might be problematical and would need to be resolved by the Merger Commission and a likely vote of the bargaining unit.

- Management and staff support of the two jurisdictions would merge, with some duplicate positions eliminated or combined and some new positions created, particularly in engineering and the tax division.
- Whether the parks and recreation functions are combined in a new department or not, some support functions such as budgeting and accounting, personnel, and public relations could be assumed by the central administration.
- Since the Township Fire Department currently covers both jurisdictions and responsibilities would not change, its personnel would not be affected by a merger.
- The contract with the Sheriff's Department would eventually be phased out as policing in the unincorporated areas of the Township is assumed by a reconstituted City police department.

### **Elected Officials**

Assuring elected officials that a merger would not end their public service careers helps make motives more transparent, plus provides continuity in leadership during a period of significant change in both communities.

### ***Alternatives to a Merger***

Should Centerville City and Washington Township not merge to form one City, there are still instruments legally available to increase cooperation and reduce administrative duplication while continuing to provide services to the citizens. The following is a list of possible instruments:

- **Informal communications**, such as regular meetings between elected and administrative officials of the two jurisdictions.
- **Interjurisdictional (or joint powers) agreements** are commonly used to share the expenses for a common service or to permit mutual territorial access to personnel from different jurisdictions.
- The two jurisdictions already have a number of **jointly funded services**, including fire, recreation, and the senior center. Although possible in theory, it is unlikely that other services could be jointly provided.
- One alternative to a merger proposed during the interviews was that Centerville could **unincorporate** as a City and unify with the Township. There are a number of reasons this alternative is not viable.
- An opposite alternative would be for the City to **separate from the Township**, which under the ORC can be achieved by a majority vote of the city council. Under this alternative, the City could provide its own fire and recreation services, contract for these services, or create special districts with the Township.
- Two other possible alternatives would be to create either a **Joint Economic Development District (JEDD)** or a **Joint Economic Development Zone (JEDZ)**. There are two significant advantages to cooperating on economic development. First, designating undeveloped areas as JEDDs or JEDZs would lessen any perceived or actual competition over development between the two jurisdictions. Second, it would diversify revenue sources for the Township, so it would not be so dependent on property taxes.

- The final and apparently simplest alternative is to maintain the **status quo**. Both jurisdictions are financially sound for the immediate future, so they have some margin for planning their future relationships. However, continuing the status quo has risks for both the City and the Township.

### **Conclusions**

This analysis demonstrates that a merger between the City of Centerville and Washington Township is financially feasible, and that a majority of the residents of both jurisdictions would benefit financially, although clearly some residents and businesses in the unincorporated areas of the Township would not. Additional income tax revenues, affecting primarily non-residents, would permit the elimination of most earmarked property taxes that residents pay. Revenues would also be sufficient to convert the park district to a city department, if the voters so choose. This conclusion should not be interpreted as an endorsement of merger, since there are conceivably many non-financial reasons to both support and oppose a merger.

In the event of a merger, there would be changes in both the level and administration of expenditures and revenues for the new community. The most important expenditure changes would be in the general fund, public works funds, and capital expenditures.

- Some duplicated positions in the City, Township, and Park District would eventually be eliminated.
- Responsibility would be added for services currently provided to the Township by ODOT and Montgomery County, particularly by the Engineer and the Sheriff.
- General fund expenditures are estimated to increase by \$15.2 million over current City general fund expenditures as responsibility for financing major services is shifted from earmarked property taxes to the general fund (recreation, police, fire, and possibly parks).
- Earmarked revenues for financing major services (recreation, police, fire, and possibly parks) would be eliminated.
- General fund expenditures for new positions, particularly in engineering, building inspection, and tax administration would be less than salary savings from eliminating duplicated positions, from increased inspection fees, and from reduced payments for County Auditor and Treasurer fees.
- The greatest expenditure changes would occur for maintenance and capital expenditures for roads and bridges, estimated at \$3.1 million for maintenance and \$2 million annually for capital expenditures. Of these amounts, \$770,000 would be new expenditures for maintenance and \$283,000 new capital expenditures.

Additional revenues in a merged community are estimated to be more than sufficient to finance these increased expenditure levels.

- Additional general fund revenues are estimated at \$16.5 million from applying the City income tax and general property tax to the unincorporated areas of the Township, as well as from the local government fund.
- These revenues should be sufficient to replace the current levies for the Township fire, police, recreation, and possibly the Park District.

- Additional revenues from shared taxes might not be sufficient to cover additional public works and capital expenditures, requiring a temporary (three year) 1.0 mill property levy for perhaps three years and approximately \$1.5 million transferred from the general fund.
- The shift from property taxes to income taxes as the main revenue source would also shift much of the cost of financing City services from property owners to the non-residents who are employed in the current Township, although the effect on business investments is uncertain.
- This shift would benefit financially the majority of residents of the Township and all residents of the City.
- A proposed merger can accommodate employees and elected officials of both jurisdictions, if planned carefully.

There are a number of alternatives to a merger, as discussed.

## **Section I - Experiences of Other Dayton-Area Communities That Have Considered Mergers**

### ***Academic Literature***

Academic literature about mergers in Ohio is almost non-existent. A policy paper done by Nicole Ard, a student in the Master of Public Administration Program at OSU in 1995 provided the most systematic information, although only for a limited historical period. She reviewed the results of all 57 merger elections between 1983 and 1994. Her calculations indicate that it is much easier for communities to study mergers than to actually merge, at least during those 11 years. There were 37 elections about whether to create merger study commissions, of which 25 (68%) were in favor of creating commissions. Of these, 20 (80%) of the study commissions voted to recommend mergers, but only 4 were approved (20% of the merger elections, 11% of the initial merger proposals). These results suggest the difficulty of converting a merger proposal into a reality.

Ms. Ard surveyed a sample of the communities involved, focusing on the proposed mergers. The two aspects most relevant to the Centerville City/Washington Township case are the reasons for considering a merger and issues that developed during the merger process.

### **Reasons stated for considering a merger:**

- The most important reason was to prevent annexation of township lands by a larger community. In none of the cases reviewed did the township propose a merger with the community which had been annexing its land. This is relevant to the Centerville City/Washington Township case, in that at least one, and in some cases both units involved, perceived that they were threatened by the actions of a much larger community, such as Dayton. Since the recent annexation activities have been from the City of Centerville rather than from Dayton, this does not appear to be a relevant argument for considering a merger, except to prevent piecemeal annexation over a long period or if an actual annexation threat by a municipality bordering the Township occurs.
- The second most common reason reported for considering a merger was economic development, in some cases separate from annexation, and in other cases as an extension of annexation concerns. This reason appears a more relevant reason to pursue a merger in this case. It would allow these two separate political entities to combine their resources to more effectively compete with other communities rather than with each other.
- The third important reason was to protect the funding and tax basis for the school system, which does not appear to be relevant for this case, since they already have a combined system. School finances benefit whether growth and development occurs in either the City or the Township, although reducing Township property taxes would directly benefit the school system.
- Other reasons cited, though, are relevant to the Washington/Centerville situation, including the advantages of funding services with the income tax and the unity of being one community. A united community would facilitate cooperation in

working together to resolve common problems, such as managing growth in the area, improving roads, and coordinating other development projects.

**In the Ard study, these issues developed during the merger process:**

- These included the political, legal, financial, and operational impacts of a merger. They provide an important clue to difficulties that two communities might face during a merger process and, therefore, should develop strategies to resolve.
- The form of government that the merged community would take is an obvious issue. The merging communities not only have to adjust to each other, one or possibly both of the communities will have to adjust to the uncertainties of new and unfamiliar political institutions. The disputes include but are not limited to the basis of council representation (district, at-large, or mixed) and appointment/removal of administrative personnel (mayor, council, administrator, or manager) to guarantee representation for the smaller jurisdiction.
- The kind and level of services to be provided and the means of financing these are an issue. This issue would likely be less controversial here than it has been in other communities. The Township and City already have high levels of service and already jointly finance one of the most expensive services—fire protection. The most expensive remaining services are police and the road services, in the Township partially provided by the County Sheriff, County Engineer, and ODOT. Even if there is only minor disagreement over kinds and levels of services, how to finance these and other services might well become controversial when choosing between income taxes, property taxes, assessments, or fees. Whichever method is chosen will affect different citizens differently.
- The loss of identity as a rural township is another issue which is likely to arise if this merger process continues. Although the Township is predominantly urban, it does still have undeveloped land and some large lot sizes. On the other hand, it shares common services with the City, and both have land use and zoning controls. The jagged boundaries between them make it difficult for citizens to know precisely where each ends and begins. Such characteristics make it easier to create a feeling of a common community. Rural issues such as hunting, trash burning, and zoning will likely arise but not be as intense as in some merger attempts. In successful mergers, existing township provisions were “grandfathered in” when not in violation to the ORC applied to municipal corporations. In some cases, prohibition ordinances were passed but actual enforcement was lax.
- Job security and employee benefits in turn are likely to be issues which might complicate the merger process between Centerville City and Washington Township, particularly since the latter has more employees than many other townships involved in merger attempts. In addition, most Township employees are unionized while none are in the City.
- Educating the public so that voters have objective information about both the positive and negative consequences of the proposed merger is important to refute misinformation distributed through anonymous rumors.

## ***Specific Cases, Montgomery County***

### **Riverside Village/Mad River Township**

Merger effective, January 1, 1991 (population at time of merger: Village of Riverside – 1,000; Mad River Township – 30,000.)

The merger between these two communities was motivated by the Township's fear that Dayton would continue to annex areas in the Township. This fear was apparently misplaced, in that Dayton had already annexed the desirable areas that it had targeted. This fear of Dayton overcame the years of mutual hostility that had existed between the Village and the Township, and apparently clouded the judgment of the merger study commission. It presented a very optimistic scenario and ignored warnings about difficulties that might (and did) result from a merger. The merger study commission report overestimated income tax revenues because it did not take into consideration that most residents work in Dayton and other surrounding communities and pay income tax there, and that many residents were retired and paid no income tax. The report ignored more conservative (and ultimately more accurate) outside estimates. License tax revenues, a source of funding for road maintenance, were also overestimated. At the same time, additional costs were underestimated. A major cost was trash collection: pre-merger, residents paid for private trash collection, but one condition of merger was a commitment to provide trash collection at no extra charge, resulting in \$750,000 annual costs. The conditions of merger also included reductions in police and street maintenance levies (because of overestimated income tax revenues), contributing to revenue shortfalls in those areas.

### **Trotwood City/Madison Township**

Merger effective, January 1996 (population at time of merger: Trotwood, approximately 8,000; Madison Township – approximately 20,000)

As in Riverside, pre-merger reports underestimated costs and overestimated revenues resulting from a merger. City officials identified a number of major unanticipated costs:

- Difficulties in establishing street lighting assessment districts (to replace multiple assessment districts in the Township) resulting in the City assuming the cost of street lighting; this problem has not yet been resolved.
- Cost of police services for the Township, which had been provided by Montgomery County.
- Costs of road maintenance services in the former Township.
- Continuation of a complicated water rate structure involving three providers (Dayton, Montgomery County, and Jefferson Regional).
- Costs of addressing contaminated well water in parts of the Township.

Trotwood continues to struggle financially, despite adoption of a 3.5 mill levy to cover costs of the merger, and economic development continues to be a difficult issue. The only positive consequence of the merger appears to be that the larger community qualifies for greater amounts of intergovernmental grant funding.

### **Clayton Village/Randolph Township**

Merger approved November 1996 (population at time of merger: Village of Clayton - 600, Randolph Township – 12,500).

Officials in Clayton reported mostly positive impacts, noting in particular the revenue stability provided by the income tax as a source of support for capital improvements and services. The City's bond rating has improved, and a new charter adopted after the merger resulting in hiring of a city manager and professional staff (several with Master of Public Administration degrees). Revenue has increased steadily since the merger, although dependence on the property tax has not decreased significantly because most residents pay income tax where they work, receiving a credit from Clayton for these payments. The City has however been able to reduce its effective millage rate from 9 to 8 mills, and has been able to rely on renewal rather than replacement levies. As in Trotwood and Riverside, the most significant cost has been maintenance of state and county roads in the former Randolph Township. A post-merger reorganization of a regional fire district, and issues related to water service in the former Township have contributed to some difficulties in relations with surrounding communities.

The Clayton-Randolph Township merger study is the most detailed of these three communities, and suggests that very thorough and careful projections of revenues and expenditures guided the decision. For example, a contract was negotiated with Montgomery County prior to the merger for \$3 million of improvements to county roads (thus reducing immediate road maintenance expenses for the merged community).

### ***Specific Cases, Other Areas***

#### **Maumee City/Monclova Township**

Merger Commission approved, November 1987; merger proposal defeated, November 1988 (population at the time of the proposal, City of Maumee – 15,747; Monclova Township – 4,200).

This merger attempt in Northwest Ohio occurred in 1986-88 between Maumee City and Monclova Township. As in most other cases reviewed, it occurred to resist annexation attempts by a larger jurisdiction. In this case Toledo purchased and attempted to annex approximately 1187 acres of Township land. Had the annexation succeeded, it would have landlocked Maumee, which for some time had also been eyeing a westward expansion into the Township. A merger study commission was elected in November 1987 by an overwhelming vote in both communities, which preempted Toledo's annexation while the merger was being studied. After a year of study and a unanimous positive recommendation from the merger commission, the proposal to merge passed in Maumee City but failed in the Township.

A review of the commission minutes and the final report suggests that a number of factors contributed to the rejection of the merger proposal. These are listed in no particular order of importance.

- There was no **preliminary groundwork for the proposed merger**. Instead, it was an ad hoc attempt at almost literally the last minute to prevent Toledo from annexing land it had purchased in the Township. There were no common unifying links except antipathy toward Toledo.
- Comments in the minutes by members of the public and the commission indicated that a **high level of distrust existed** between both entities. There had never been a history of close cooperation between them, and residents of both expressed concern that they were being asked to concede too much to the other. The initial antipathy of Township residents toward Toledo evolved as the commission hearings progressed, first into skepticism about Maumee's motives, then describing the merger as a "Maumee take-over," and by the end of the hearings, a number of residents were testifying that they would rather take their chances with Toledo than with Maumee.
- Township employees and volunteer firemen expressed **resentment that top positions would go to current Maumee administrators** rather than to Township employees. The Township fire chief made a lengthy statement questioning why he was not considered qualified to be chief of the merged community.
- **Failure of the commission to promptly gain control of rumors** that were circulating in both communities until late in the process, when a citizens group circulated a "Fact vs. Fiction" release. Comments in the minutes indicate that this was done too late to significantly reduce misinformation.
- The **issue of political representation** was difficult to resolve. The initial Township proposal that both jurisdictions have equal representation on the new council was immediately rejected as a violation of the "one man one vote" principle. Several variations of two districts were discussed, coinciding with current jurisdictional boundaries but with the number of at-large councilpersons in each district allocated proportionate to their share of the population. In the end, the commission proposed that all members be elected at-large.
- Maumee attempted to **reassure the Township** about the continuation of its rural lifestyle. Its representatives on the commission assured the existing Township that their residents would have disproportionate representation on some of the key City boards and commissions, particularly the critical zoning board. Also, they agreed to amend City ordinances so that some activities specific to a rural way of life not be enforced within the boundaries of the current Township, such as discharging firearms, although they could not exempt other activities prohibited by state law, such as burning brush and trash. All current Township employees and the Township clerk were guaranteed initial jobs in the new City, and all current Township trustees were guaranteed at least one term on the new City council.
- The commission's unanimous report did not reflect the **polarization of both communities**. Monclova residents were overwhelmingly negative, and Maumee residents were divided.
- **Removal of the annexation threat** was the final factor which doomed the merger. Toledo's annexation attempt was on shaky legal grounds because of the problem of contiguity, which was confirmed in a state Supreme Court

decision in a similar case involving the City of Dayton. Shortly thereafter, Toledo and Maumee negotiated a joint economic development zone involving this land in the Township, assuring growth and partly excluding Monclova from benefiting.

### **City of Cuyahoga Falls/Northampton Township**

Merger effective January 1, 1986 (population at the time of merger: City of Cuyahoga Falls -- 47,000; Northampton Township -- 5,000).

The City of Cuyahoga Falls and Northampton Township were the first to merge under the new state legislation allowing municipalities and townships to merge, although they were not the first to consider a merger. According to the Ard study, the merger occurred to prevent Akron from annexing sections of the Township with potential for commercial growth. The merged community, also known as Cuyahoga Falls, integrated the Township politically by making it one of five wards on the City council, with an additional three members elected at-large. According to Mayor Don Robart, who has been in office for the past 20 years, the new community has been politically stable and economically sound. The merger commission did not attempt to oversell the financial benefits of the proposed merger, and made very cautious revenue and expenditure estimates. As a result, combined with positive business growth, the government has been very fiscally sound.

### **Summary**

A review of selected merger attempts, both successful and failed, provides a number of general lessons if a merger attempt between Centerville City and Washington Township should move forward.

- Statistically, the overall odds are not in favor of a merger. Most attempts have failed, even when merger study commissions have recommended a merger. However, merger attempts in Montgomery County have been an exception to the state-wide average. Out of four merger attempts, three have been successful. The Vandalia/Butler Township attempt failed. It was different from most, in that Township residents initiated the attempt.
- Convincing city residents to merge is generally easier than convincing township residents, who may oppose a merger but tend to view a merger as less onerous than the alternative of being annexed piecemeal by a larger municipality.
- Although the most important reason for merger attempts was to prevent annexation of township lands by a larger community, in none of the cases reviewed did the township propose a merger with the community which had been annexing its land. A major motivator for merger attempts is a threat to the township.
- Failed mergers demonstrate that an improvised merger process is risky. Advance preparation and research are critically important in overcoming the hurdles to a successful merger process, which are considerable even under the best of circumstances.
- Proponents of a merger should be cautious about overselling the advantages of a merger, particularly in presenting an optimistic financial scenario. A merger

can have significant advantages, but the public should also be informed if there are also disadvantages. The mergers which have had the most serious financial difficulties, though, have been those lacking a viable economic base, such as Riverside and Trotwood. Washington Township and Centerville City together do not face such a problem.

- Similarly, mutual trust and open communication between the merger commission and the residents of both communities can avoid serious misunderstandings.
- There is more than a superficial need to pay particular attention to political representation of both communities on decision making bodies, particularly the council, and to integrate all employees into the merged government.
- Economic development is a significant advantage in mergers. Larger communities have more leverage and are eligible for some federal funding that smaller communities are not. Merged communities are generally able to attract new development, and in no cases that we reviewed did businesses flee a community after merger. However, we did not review whether the merger deterred development that might have otherwise occurred in the township.

### **Sources:**

Review of merger commission reports and other documents:

- Nichole C. Ard, "Municipal Mergers in the State of Ohio," Columbus: School of Public Policy and Management, The Ohio State University, Winter 1995
- Clayton (merger of village of Clayton and Randolph Township)
- Riverside (merger of village of Riverside and Mad River Township)
- Trotwood (merger of City of Trotwood and Madison Township)
- Cuyahoga Falls (merger of Cuyahoga Falls and Northampton Township)
- Maumee City/Monclova Township (unsuccessful merger)

Telephone and personal interviews with public officials in merged communities to examine projected and actual impacts:

- Clayton: interviews with David Rowlands, Clayton City Manager; Ted Gudorf, former Clayton Mayor; Joyce Deitering, Clayton Mayor
- Cuyahoga Falls: Interview with Mayor Don Robart
- Maumee: Sheilah H. McAdams, Law Director, and David C. Hazard, Finance Director /Municipal Clerk
- Riverside: interview with Kenneth Curp, Riverside Mayor; Bill Covell, former City Manager
- Trotwood: interview with Lois Singleton, Clerk of Council, City of Trotwood

\*This section is revised from "An Analysis of Projected Financial Impacts of a Possible Sylvania Township - City of Sylvania Merger," UAC, The University of Toledo, January 2007.

## **Section II - Financial Impacts of a Washington Township/City of Centerville Merger: Projected Expenditures**

Determining the financial advantages and disadvantages of a merger to each community involves an examination of the financial consequences of a merger. In order to provide revenue and expenditure estimates, we have had to make assumptions, which need to be stated explicitly. These assumptions are not to be taken as recommendations, but rather as starting points to reconcile financial information that is inconsistent in a number of instances because of differences in revenue instruments and service delivery methods. We use the City of Centerville as a starting point without intending to imply this as a recommendation. We emphasize that should a merger occur, the actual structure of the combined jurisdictions could conceivably differ significantly from that of the current City. These assumptions are as follows:

- Alterations in the lifestyle and service level of each community would be as minimal as permitted by state law and local conditions, such as public health and safety.
- The merged community would assume the financing instruments typical of a city. As a City, the merged entity would rely primarily on the income tax to finance current services and thus reduce as much as is financially feasible the property taxes collected by the Township and the special districts which now serve citizens of both jurisdictions.
- The merged community would shoulder the costs of previously borne county and state services to the Township typical in Ohio.
- A merger would include a unification of the comparable administrative units and personnel, rather than an absorption of one entity by the other, with a gradual elimination of duplicated functions and facilities (if any) and necessary increase in personnel (if any).
- There would be a transition period that would assure the minimum amount of service disruption and confusion of responsibilities.
- Other assumptions concerning specific revenues and expenditures will be made explicit when these are reviewed.

We emphasize that these assumptions are not intended to be interpreted as recommendations but rather as a basis or a starting point for discussions and decisions by the actual stakeholders in a merger decision. Using these assumptions, we will begin with the expenditures, using current service levels as benchmarks. Then we will estimate whether anticipated revenue increases that would likely occur with the extension of the City income tax to the unincorporated areas of the Township as well as certain other intergovernmental revenues would be sufficient to fund these increased costs.

An excellent overview of finances in the two jurisdictions can be found in volume 3 of "Create the Vision," part 10, "Fiscal Analysis."

## Public Finance

An important characteristic of finance in the public sector which distinguishes it from the private or corporate/business sector is that money in the public sector is not necessarily fungible, in that it is not interchangeable. Public sector finance utilizes funds for both expenditures and revenues, which limit designated receipts to specific disbursement activities. According to generally accepted accounting practices, there are three broad categories of funds: governmental, proprietary, and fiduciary (or trust) funds. Most of the revenue and expenditure changes that would occur with a merger would be of two kinds of governmental funds: the general fund and special revenue funds. Not all funds used by the City of Centerville and Washington Township correspond. Because we assume the merged community would be a municipality, we have used the City's classification, and have noted the sources of revenue that would replace "Township-only" and "district-only" funds.

Except as otherwise noted, revenue and expenditure data are from City and Township financial documents for 2007 and actual revenues, expenditures, and other financial data for 2006.

## Expenditure Analysis

### General Fund

The general fund is commonly the largest and least restrictive fund in local governments. General fund expenditures provide for the administrative overhead of communities as well as financing much of the basic services provided to citizens. In Ohio, townships, such as Washington, rely far more on special revenue sources to finance services they provide than do cities, such as Centerville. Table II.1 illustrates this difference.

Table II.1  
General Fund Expenditures as a Percentage of Total Expenditures  
Centerville City and Washington Township  
2006

	Total Expenditures	General Fund Expenditures	% General Fund Expenditures
Centerville	\$24,263,032	\$13,856,018	57.1
Washington	\$21,218,655	\$ 3,747,765	17.7

Source: 2007 Budgets; % calculated

The remaining expenditures for both jurisdictions are from special funds, although in some cases the revenues for these funds consist of transfers from the general fund.

- The advantage of the general fund is its flexibility, in that it is relatively easy to use general fund money to modify allocation formulas between various services

as community demands and needs change over time. The disadvantage is that a large number of expensive services must compete for a limited amount of funds.

- Special revenue funds, which can only be spent to provide the designated services, provide a non-competitive revenue source. Their disadvantages are their lack of flexibility in responding to changes in policy priorities and the willingness of the voters to approve new or replacement levies. Their revenues cannot be shifted to higher priority policies, and those that rely on property taxes share a common disadvantage in Ohio: revenues increase only if new property is added to the tax rolls or with new/replacement levies.

A merger would likely eliminate most of the existing special funds in the Township, such as for police protection and those which finance joint services of the Township and the City, such as for fire services, the recreation center, and perhaps the park district and library district. These services, as is the common practice in municipalities, would likely be financed from the general fund. The Township already provides a high level of services to its residents, but we do anticipate the following service changes:

- For some administrative services, costs will be reduced as duplications are eliminated.
- For other services, the costs would remain approximately unchanged but their funding source will change.
- For still others, expenditures can be expected to increase, either gradually or even immediately, specifically for new services or for those which a merged City must take over from the county or from the state.
- All estimates are given in 2007 dollars unless otherwise indicated.

These are described here and aggregated in Table II.2 on page 26.

Table II.2  
Expenditure Changes in a Merged Community

FUND	ITEM	CURRENT CITY OF CENTERVILLE	CURRENT WASHINGTON TOWNSHIP	CURRENT COMBINED	MERGED COMMUNITY	ANTICIPATED CHANGE IN FUND	COMMENTS
GENERAL							
	Manager or Administrator	165,000	150,000	315,000	165,000	-150,000	We assume the current positions of city manager/township administrator would be merged and one eliminated, with a salary and benefits savings.
	Public Works Director/Manager	125,000	108,500	233,500	125,000	-108,500	Only one each of these positions would eventually be needed in a merged community, although this salary savings could be reduced if an additional assistant for one or both is required.
	Finance Director	125,000	105,500	230,500	125,000	-105,500	
	Government Center/ Municipal Building	195,000	112,000	307,000	200,000	-140,000	Estimated savings in utilities, maintenance, custodial services, and upkeep from closing either the Government Center or the Municipal Building. Estimated savings based on the latter.
	Legislative						A change in legislative expenditures would depend on decisions about the size and administrative support of a council in a merged community, but could likely be reduced by as much as \$125,000.
	Building Inspection					0	A merged city would assume inspection services now performed by the County. Increased expenditure needs would likely be covered by inspection fees.
	Legal Counsel	110,000	297,250	407,250	400,000	0	There is likely to be significant savings in legal counsel, although the merged community would be expected to assume some legal responsibilities for the Township from the County Prosecutor.
	Courts & Corrections	162,000	100,000	262,000	N.A.	0	There would be additional costs to the merged community for prosecution services and court/jail costs not currently charged the Township, which will likely be covered by court costs received.
	Hithergreen Senior Center	104,420	104,420	208,840	208,840	0	No anticipated change in level of support from tax revenues.
	Centerville-Washington Park District	1,367,365	2,179,625	3,546,990	3,497,990	3,497,990	These amounts represent the general fund revenues that would replace revenues from eliminated property taxes. They assume that other revenue sources would continue (fees, gifts, etc.). They also include reductions in auditor/treasurer fees of \$49,000 and \$13,000 respectively.
	Recreation Center	417,621	665,702	1,083,323	1,070,323	1,070,323	This amount represents general fund revenues that would replace revenues from eliminated property taxes, and includes a budgeted \$ 7 million deficit to be covered from reserves. The cost for fire services is known and should not increase under normal circumstances. The major change would be a shift in financing from earmarked property taxes to financing from the general fund. The property taxes would be eliminated, as would the Auditor/Treasurer fee of \$37,500.
	Fire Services	2,572,703	4,100,976	6,673,679	6,636,179	6,636,179	The extension of a city income tax throughout a merged city would require an additional 1.5 positions.
	Income Tax Division					90,000	The services that are currently performed by the County would be assumed by the merged city.
	Engineering	790,000	0	790,000	1,225,000	435,000	The cost for police services would increase in the event of a merger, we assume that capital expenditures (vehicles) would be paid from the central vehicle purchase fund.
	Police Services	6,118,546	3,146,000	9,264,546	9,618,546	3,500,000	Including Park District
FUND TOTAL						14,725,492	Excluding Park District
						11,227,502	Merged community would assume responsibility for maintaining current city and township streets and bridges, as well as those of the county. Amount represents increase over current City expenditures.
STREET CONSTRUCTION & MAINTENANCE FUND	Roads & Bridges	1,920,000	2,300,000	4,220,000	4,769,500	2,849,500	
STATE HIGHWAY FUND	State Highways	94,000	0	94,000	314,000	220,000	Represents the additional cost of assuming responsibility for state routes within the current Township.
CAPITAL IMPROVEMENTS FUND	Roads & Bridges	3,000,000	1,663,000	4,663,000	4,946,300	1,946,300	Merged community would assume responsibility for capital expenses on current city and township streets and bridges, as well as those of the county.
PERMISSIVE TAX FUND	State Highways	165,000	0	165,000	165,000	0	We assume that state highways over which the new city would assume responsibility would not immediately require capital expenditures.

## Reduced Expenditures

A merger would create some savings in current expenditures for **administrative overhead** in the two communities. There would be some economies of scale primarily because of the reduction of duplicated positions. A merged community would need only one **City Administrator/Manager**, so the current positions of City Manager and Township Administrator could eventually be combined (after a transition period), with a savings of one of the salaries. We use the figure of \$150,000 salary and benefits. We assume that both the Deputy Administrator in the Township and the Assistant to the City Manager positions in the City would be retained (possibly with a changed title, depending on the form of government created), as well as support personnel in both offices. Similarly, only one **public works director/manager** and one **finance director** would be needed, although the specific expertise of each of these administrators would be necessary during the transition period. We estimate savings of over \$100,000 each in eventually eliminating these two positions. However, the increased workload from assuming responsibility for state and county roads and from expanded financial responsibilities could result in the need for new assistant positions for these two, reducing the salary savings.

There would also be some savings in reducing existing **duplications in facilities**. A merged community with one government would not likely need to maintain two **government centers/municipal buildings**, although the public works administrator/manager for both jurisdictions agreed that the increased public works responsibilities for the new assumed City would require that both **maintenance/public works buildings** be retained. Whichever building is closed, there must be space available to accommodate necessary personnel. Possibilities include the following:

- If Township building closed, overflow into City Annex and into PW buildings
- If City building closed, overflow into second floor and PW buildings
- In either case, an addition might be necessary; in the long run, still less expensive than maintaining two buildings

One might be either sold to the private sector or converted to another public function after the transition was completed. Placing a value on either of these structures is beyond the scope of this report, but closing either one would result in savings for utilities and upkeep of at least \$140,000 a year. We use the budgeted expenditures for the Municipal Building because they are more easily identifiable, and wish to state explicitly that this is not a recommendation of which should be closed.

Another savings that would be fund-specific and thus not included in the savings total would be a reduction in **county auditor and treasurer fees**. These are charged for assessing property values and collecting property taxes, per ORC 319.54. The fee charge is determined by the amount of property taxes collected, so reducing earmarked property taxes that support specific services (fire, police, recreation, parks, streets) will reduce these fees. The amount will be estimated for each service and the fund that would support it in a merged community. An indication of the amount, though, can be seen by comparing the City's payments in 2006 of \$23,621 with the total of the

Township, from the various funds, of \$150,000, not including the fees paid by the Park District (an additional \$50,000). How much these fees can be reduced, then, depends on how many of these services can be financed from the merged community's income tax, allowing property taxes to be reduced and thus lowering auditor and treasurer fees. The merged community, though, would still be required to pay fees for the collection of inheritance taxes.

### Continuing Expenditures

There would continue to be **legislative** expenses if the two jurisdictions were to merge. However, we cannot estimate what these expenses would be, because it would depend on the size of the new legislative body, the stipends of its members, and the necessary support personnel. The current stipends of the elected officials of both jurisdictions are as follows:

- Mayor of Centerville, \$13,252 (no benefits)
- Six Centerville City Council members (\$12,002 each), \$72,012 (no benefits)
- Three Washington Township Trustees (\$20,167 each), \$60,500 (plus benefits)
- Washington Township Fiscal Officer, \$28,000 (plus benefits)

Should the two jurisdictions merge as a home rule City, there are a wide variety of possible configurations for the mayor and council, as found throughout the country. Since both jurisdictions rely on a professional administrator/manager, it is logical to assume that, should they merge, the new community would be a council-manager City. The International City-County Management Association does not currently take a position on recommending how a council-manager city should elect its mayor or council. It recognizes that electing the council by wards, at-large, or a combination of these methods is acceptable, and does not recommend an optimal size. The most common for a council/manager city is a council of six or seven members with a mayor elected either separately or chosen by council. However, these are no set numbers and larger councils are not unknown. Nor does the Association recommend whether the mayor should be elected separately or selected by the council. The total legislative costs and the necessary level of administrative support –clerks, receptionists, secretaries— would be determined by the eventual size and stipends, although some of this support would likely be redundant. Other savings would result if the new government adopted Centerville's council structure, eliminating the four Township positions, for an additional savings of approximately \$125,000 in salaries and benefits.

A merged City would perform **building inspection** responsibilities in the unincorporated areas of the Township, now performed by the County. However, the City's residential inspections are winding down as new construction wraps up at Yankee Trace; commercial inspections have been constant. Therefore, a merged City would likely be able to take on the Township's inspections at the current staffing levels of the City. Even if the Township's current and future commercial/residential building activity requires additional personnel, they can be financed by permit fees, as they are in the current City. Thus any needed increased expenditures can be offset by increased

revenues, and the City's office could be open five days a week instead of only three, as in the Township.

A merged community would need only one **legal counsel**. It would have to assume legal services currently provided by the County Prosecutor, but the cost would likely be less than the more than \$400,000 currently paid by both jurisdictions separately. Legal expenditures are very difficult to predict, and should the merger process proceed, can be expected to increase during that period.

There would be additional costs to the merged community for **prosecution services** and **court/jail costs** not currently charged to the Township. However, we anticipate that these increases would be substantially or entirely covered by Kettering court costs.

There are several entities which currently provide services to, and are financially supported by, citizens and governments of both jurisdictions. These include the Washington Township Fire Department, the Township Recreation Center, the Hithergreen Senior Center, the Centerville-Washington Park District, and the Washington-Centerville Public Library. We assume that the Township functions would be included in the responsibilities of a merged community. Whether it would include the latter two (parks and library) depends on the level of additional revenue generated by a City income tax, whether provisions of the ORC permit it, and how the community chooses to provide these services. They might become departments within the merged City or retain their current structures. Even if they are included, the services they provide would continue to be supported at the same level should a merger occur, since demand for these services is unlikely to be reduced.

The most noteworthy change in these services would be the financing methods. Except for the Senior Center, they are financed significantly (the Recreation Center) or primarily (Fire Department and Park District) by property levies whose receipts are earmarked exclusively for that function. With revenues from extending the City's 1.75% income tax to the unincorporated areas of the Township, these property tax levies could be eliminated and these functions financed from the general fund. The advantages are discussed in more detail below, but include providing a more stable revenue source. One disadvantage, though, is that these functions would have to compete against the myriad other functions for their share of general fund revenues.

The Hithergreen **Senior Center** would likely be least affected financially by a merger. It is a private, non-profit corporation governed by a 15-member Board of Trustees. Its physical facilities are owned and maintained by Washington Township, and it receives approximately half of its financial support from the Township and the City of Centerville. In 2006 each provided \$104,420, with the balance from membership dues, program fees, fund-raising efforts, and donations. We assume that, in the event of a merger, the merged community would maintain the same level of support, regardless of whether it remained a non-profit corporation or became part of a City department, as in Kettering and many other cities.

The Township **Recreation Center** is owned, administered, and maintained by the Township. It receives approximately 41% of its revenues from a 0.7 mill levy on property in both the City and the Township. Replacing this levy would add approximately \$1.1 million to general fund obligations.

The Centerville-Washington **Park District** is a single purpose government whose boundaries coincide with the Township, including the City. It was created under provisions of ORC Chapter 511, which specifies a three-person governing board appointed by the (Montgomery) County Court of Common Pleas. Approximately 80% of its financing is from two property tax levies totaling 2.9 mills levied on property in the City and Township. A merger would not necessarily affect this district unless the merged community chose to abolish it, if permitted by the ORC, and administer it directly through one of its departments. Doing so would reduce some duplication and consolidate responsibility for this function, now dispersed between the District, Centerville, and Washington, and make registration for programs more convenient. If so, financing would shift to the general fund and add approximately \$3.5 million in obligations to this fund. This amount is \$49,000 less because of the elimination of county auditor/treasurer fees.

One possible organizational arrangement that could reduce duplication and save administrative overhead would be to create a Parks and Recreation Department, common in many cities. Such a department could subsume the Senior Center, the Recreation Center, and the Town Hall Theater from the Township, and Benham's Grove, Stubbs Park, and the Golf Club at Yankee Trace from the City, as well as the Park District. It would also facilitate coordination among a fragmented recreation system in the community and reduce administrative overhead by sharing equipment and shifting financial and personnel functions to the City office, such as accounting, payroll, purchasing, and budgeting. However, interviews indicated that there is disagreement about whether coordination is currently a serious problem. Since there is no consensus over including the Park District, we will do calculations both including and excluding the District.

The Washington-Centerville Public **Library** is a school district library established under ORC Chapter 3313. Its boundaries correspond with that of the Centerville City School District, and thus cover both the City and the Township, and its governing board is appointed by the School Board. Approximately half its revenue comes from a 2.7 mill property tax, providing approximately \$3.6 million per year. According to our revenue estimates, a newly merged City would not have sufficient financial resources to assume responsibility for the library, so we will not include it further in our analysis.

The cost of **fire services** for both communities is known, since they are provided by the Washington Township Fire Department, budgeted at \$7.6 million for 2007. It is financed by 4.5 mills in two property tax levies, budgeted to yield \$6.7 and \$200,000 to \$300,000 in miscellaneous revenues with an estimated 2007 year end balance of approximately \$2 million. We assume the fire expenditures would be shifted to a general fund obligation, with the elimination of \$37,500 in auditor/treasurer fees. The Department

currently maintains its own dispatch system but the Trustees decided not to participate in the proposed Regional Dispatch Center. If they had, the initial proposed cost would have been between \$9.06 and \$10.21 a call in 2008, increasing to between \$11 and \$12.99 by 2012. The Department reported 5,424 calls in 2006, so the additional dispatch expenses would be between \$50,000 and \$56,000 (assuming a slight increase in the number of calls). There would be some savings in reducing the maintenance needs of the current 911 equipment, although this is likely to be small, since interviews indicated that this equipment would be retained. The alternative cost of using the Centerville City Police dispatching system is reviewed below in the discussion of police expenditures.

Interviews indicated that some officials have concerns if the Fire Department were to lose the certainty of revenue from the earmarked property tax, which can only be used for fire services. Financing from the general fund is less certain, because fire would have to compete for funding with all the other services financed from the general fund, especially the other large service, the police. Addressing this concern is beyond the scope of this study. However, we did examine mid-sized cities in Ohio which finance their fire services from the general fund and compared them with the Washington Township Fire Department, which includes Centerville. These are provided by ranking in Table II.3 below.

Table II.3  
Per Capita Spending for Fire Services  
Washington Township Compared with Medium-sized Ohio Cities

City	Year	Fire Budget	Population	Per Capita Spending	Per Capita Income
Lorain	2006	\$8,346,900	70,592	\$118	\$16,340
Hamilton	2005	\$7,491,811	61,859	\$121	\$17,493
Fairfield	2006	\$5,150,586	42,248	\$122	\$24,556
Middletown	2005	\$6,680,685	51,405	\$130	\$19,773
Cleveland Heights**	2004	\$6,341,000	48,477	\$131	\$25,804
Strongsville*	2005	\$5,769,900	43,785	\$132	\$29,722
Lakewood	2007	\$7,129,761	52,194	\$137	\$23,945
Mansfield**	2004	\$7,036,000	50,716	\$139	\$17,726
Huber Heights*	2005	\$5,315,835	37,945	\$140	\$20,951
WASHINGTON/CENTERVILLE	2007	\$7,600,000	53,000	\$143	\$34,431
Cuyahoga Falls	2005	\$7,301,898	50,265	\$145	\$22,550
Euclid*	2005	\$7,239,394	49,436	\$146	\$19,664
Findlay	2005	\$6,012,993	39,131	\$154	\$21,328
Warren*	2005	\$7,101,058	45,670	\$155	\$16,808
Springfield	2005	\$9,958,735	63,114	\$158	\$16,660
Kettering	2006	\$8,709,771	54,666	\$159	\$27,009
Elyria*	2006	\$8,881,837	55,745	\$159	\$19,344
Mentor*	2006	\$9,186,721	51,593	\$178	\$24,592
Lima	2007	\$6,839,009	38,219	\$179	\$13,882
Newark	2006	\$9,150,628	47,242	\$194	\$17,819

Sources: Population figures were obtained from US Census Bureau for the year specified  
"Annual Estimates of the Population for Incorporated Places in Ohio: April 1, 2000 to July 1, 2006;"  
Per capita income information obtained from US Census Bureau 2000 "Profile of Demographic Characteristics;"  
\*denotes that budget figures were obtained from the website of the state auditor:  
<http://www.auditor.state.oh.us/Auditsearch>  
\*\*denotes that budget figures were obtained from: <http://www.city-data.com>

We should caution that these comparisons are not precise because the items included in budgeted fire expenditures vary between cities. Washington Township includes all fire expenditures in its department's budget. In many cities, however, expenditures such as purchase and maintenance of equipment, administrative support, and pension expenditures are not included in the fire budget but rather are included elsewhere. Such a variety of practices makes precise comparisons difficult.

Even though these comparisons are only approximate, Table II.3 shows that the per capita expenditures of the Washington Township Fire Department falls approximately in the middle when compared to these 19 cities, ranging in population from 38,000 to 71,000. The Township's position is below ten cities with much lower per capita incomes and thus lower revenue bases but which have competed successfully with police services for general fund revenues on a higher per capita level than in the Washington/Centerville District.

#### **Probable increased general fund expenditures**

The **income tax division** would be required to add another assistant tax superintendent and increase the accounts clerk from part-time to full-time in order to process increased demand if the income tax is extended to current residents, employees, and employers in the unincorporated areas of the Township. The additional cost is estimated at \$55,000 and \$35,000 respectively, or a total of \$90,000 in salary and benefits.

The **engineering services** that are currently performed by the County would be assumed by the merged City. The estimated additional cost is \$435,000, discussed in more detail below under public works.

Estimating the cost for **police services** in a merged community is more problematic than for fire services. This difficulty is the result of their differences in sources and levels of financing as well as how this service is organized, as illustrated by Chart II.1.

**Chart II.1**  
**Differences in Police Services**  
**Centerville City/Washington Township**

	<b>Centerville City</b>	<b>Washington Township</b>
<b>Method of Service Delivery</b>	City Department	Contract with Montgomery County Sheriff
<b>Method of Financing Service</b>	General fund, from 1.75% income tax	Two property tax levies of 4.00 mills
<b>Number of Sworn Officers</b>	43	31.5
<b>Officer/Citizen Ratio (2005)</b>	1:539	1:952
<b>Officers per 1000 residents</b>	1.9:1,000	1.05:1,000
<b>Budgeted Expenditure, 2007</b>	\$6,118,546	\$2,900,000 contract \$ 421,000 additional
<b>Per Capita Expenditures</b>	\$265.49	\$110.70
<b>Communications/Dispatch</b>	City owned system	Contract with Montgomery County Sheriff
<b>Minimum Education Requirements for Officers</b>	Bachelor's degree	High school diploma
<b>Hierarchy/Reporting</b>	Through Chief of Police to City Manager	Through Police Director (Captain) to Montgomery County Sheriff
<b>Personnel Policies (recruitment, assignment, discipline, grievance, etc.)</b>	By ordinance of Centerville City Council	By collective bargaining contract with Montgomery County Sheriff

Sources: Compiled from interviews, budgets and other documents and Census data

The problem is not determining the costs and procedures for combining two separate departments in the event of a merger. Rather, it is difficult to determine how a merged City would replace the services currently provided by the Montgomery County Sheriff and how to calculate the replacement value of these services. This task is further complicated by the notable differences in costs for these departments: almost twice as much for the City department, even though the population it serves is smaller. As with most police departments, personnel costs account for most of the expenditures, illustrated by Table II.4, although the share is slightly higher in the City than in the Township.

Table II.4  
Police Personnel Costs  
City of Centerville/Washington Township  
2007 Budgeted

	Centerville City	Washington Township
Total Police Budget	\$6,118,546	\$3,321,000
Salaries/Wages	\$3,852,563	\$1,947,500
Fringe Benefits	\$1,348,703	\$ 660,000
Total Personnel Costs	\$5,201,266	\$2,607,500
Personnel as % of Total Budget	85.0%	79.5%
Non-Personnel Costs	\$ 917,280	\$ 713,500

Centerville City has additional police expenditures that are not charged to the police department budget. The most important of these are for liability insurance (included in total insurance costs). Including these additional expenditures, personnel costs thus account for all but a little over \$200,000 of the difference in expenditures of the two departments.

Table II.5 compares the budgeted positions of the two departments for 2007,

Table II.5  
Differences in Number of Personnel  
Centerville City/Washington Township

		Centerville City	Washington Township
<b>Sworn Officers</b>			
	Chief of Police	1	
	Director (Captain)		1
	Lieutenant	2*	0
	Sergeant	7	5.5
	Detective	5	2
	Patrol Officer/Deputy	26	21
	Crime Prevention Officer	1	1
	DARE/CANE Officer	1	1
<b>Communications/Dispatching</b>			
	Records/ Communications Supervisor	1	0
	Records/ Communications Specialist	6	0
<b>Support Personnel</b>			
	Information Technology Manager	0.6	0.1
	Staff Services Coordinator	1	0
	Cadet	2	0
	Secretary/ Receptionist	3	part time .5
	Custodian/ Maintenance Assistant	1	part time .67

\*Note: One of the Lieutenants has been promoted to Captain since the approval of the 2007 budget.

There are three factors that explain the difference in personnel as well as overall costs of the two departments. These calculations are solely quantitative for purposes of comparing the two departments, and are not intended to address whether there are, and if so which, qualitative differences between the two systems.

- the City-owned dispatch/communication system
- the larger number of support personnel in the City
- the lower ratio of sworn officers to citizens in the City, or more officers per 1,000 residents

First, the City-owned **dispatch/communication system** is notably more expensive. The Township contracts with the County Sheriff at a current fee of \$4.96 per call, with \$105,000 budgeted for 2007. The current budgeted operating expenditures for the City system is approximately \$538,000, excluding equipment depreciation. This amount is calculated as follows:

- \$425,000 in personnel costs, estimated by using the median salaries of the seven positions plus 40% for fringe benefits
- \$37,600 for maintenance and repairs
- \$75,000 (approximate) for maintenance agreements

The City leases space on its police radio tower to cell providers, with revenues of approximately \$20,000 per year, which somewhat reduces the operating cost of its system. Also, it is likely that the fees charged by the County Sheriff for dispatch services to the Township will more than double if Washington Township joins the proposed Regional Dispatch Center, discussed above under fire services.

A second factor in higher police personnel costs is that the City has more **support personnel** than the Township, shown in Chart II.1. The additional personnel are partly needed by a larger department and the communication system. In addition, the Township needs fewer personnel because some administrative support responsibilities are provided by the County at no additional charge (see Attachment II.1).

Third, and most important, the City has relatively **more police officers** than the Township. Table II.5 shows that the City has several more sworn personnel in all categories than the Township does—command officers, detectives, and patrol/deputies—despite having a smaller population. Consequently, as Chart II.1 shows, there are 77% **more officers** per 1,000 residents (or fewer residents per officer) in the City than in the Township. However, this understates the personnel available to the Township, because the Sheriff provides additional services without cost. These are detailed in Attachment II.1. Services include all personnel functions for the Township police, including contract negotiations and administration, as well as more specialized police personnel, such as evidence technicians, accident reconstruction, and violent crime detectives. These are services that Centerville City currently has to cover and would need to be included in additional expenditures of a merged City. It is not possible to calculate either the monetary value or the personnel equivalents of these services.

The difference in policing ratios inevitably raises the question of whether the City is over-policed and therefore wasting financial resources, or whether the Township is under-protected. Officials and citizens of both jurisdictions did not indicate in interviews that either of these as a problem. On the City's part, we detected no sentiment that the police department expenditures were excessive. From Township officials, we heard only positive comments about how the Sheriff deputies perform their contractual obligations, which Township officials confirmed based on the periodic citizen satisfaction surveys that the Township conducts (previously cited). Both departments have been accredited by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA®). In July 2007, the Commission also designated the City department as one of only 90 Flagship Agencies in the United States and one of only 14 in Ohio. The program, according to its website,

was introduced at the 2004 Winter Conference to acknowledge the achievement and expertise of some of the most successful CALEA accredited public safety agencies, and also to provide "flagship examples" to assist other agencies (<http://calea.org/Online/Awards/flagship.htm>).

The level of police service that a community provides its citizens is the decision of each community and therefore beyond the scope of this study. However, such a difference between the City and the Township is relevant here, because we assume that services would continue at existing levels. While we cannot determine with certainty whether the current level in the City would meet this criteria or if it could be met by combining the numbers of both jurisdictions, we can provide comparative data for similar jurisdictions in the state. First, Table II.6 compares Centerville City with similar-sized cities in the state. Then, Table II.7 compares the combined City/Township ratios with similar cities, showing where a merged community would rank with both the current combined ratio and the current ratio of the City.

Table II.6  
Comparison of Police Officers and Spending  
Ohio Cities, 20,000-25,000 Population

City	Budget Year	Population	Police Budget	Per Capita Police Spending	Number of Officers	Citizens Per Police Officer	Police Officers Per 1,000 Citizens
Solon	2006	22,257	\$6,442,555	\$289	46	483.8	2.1
East Cleveland*	2004	25,835	\$5,108,000	\$198	51	506.6	2.0
Willoughby*	2002	22,683	\$4,584,000	\$202	44	515.5	1.9
Troy	2004	22,200	\$3,959,000	\$178	43	516.3	1.9
Chillicothe	2006	22,216	\$3,994,302	\$180	43	516.7	1.9
Xenia	2005	23,590	\$4,348,404	\$184	45	524.2	1.9
Portsmouth	2006	20,132	\$2,860,502	\$142	38	529.8	1.9
Alliance	2005	22,805	\$3,128,909	\$137	42	543.0	1.8
South Euclid	2006	21,791	\$4,611,597	\$212	39	558.7	1.8
Sidney	2006	20,139	\$5,343,248	\$265	36	559.4	1.8
Centerville	2006	<b>23,046</b>	<b>\$5,687,859</b>	<b>\$247</b>	<b>40</b>	<b>576.2</b>	<b>1.7</b>
Maple Heights	2005	24,648	\$2,994,500	\$121	42	586.9	1.7
Ashtabula	2005	20,286	\$2,935,438	\$145	33	614.7	1.6
Parma Heights*	2002	21,289	\$3,823,000	\$180	34	626.1	1.6
Piqua	2006	20,865	\$4,163,234	\$200	33	632.3	1.6
Wadsworth*	2004	19,680	\$2,917,000	\$148	28	702.9	1.4
Avon Lake*	2004	20,850	\$2,568,000	\$123	29	719.0	1.4
Ashland*	2002	21,291	\$2,764,000	\$130	28	760.4	1.3
Hudson*	2004	23,022	\$4,950,000	\$215	30	767.4	1.3
Lebanon	2006	20,346	\$3,543,644	\$174	26	782.5	1.3
Oxford	2006	22,394	\$2,879,931	\$129	25	895.8	1.1
Athens	2005	20,908	\$2,581,999	\$123	22	950.4	1.1
Riverside*	2002	23,141	\$2,325,000	\$100	24	964.2	1.0

Sources: All population figures were obtained from US Census Bureau Population Division: [www.census.gov](http://www.census.gov), Table 4: Annual Estimates of the Population for Incorporated Places in Ohio, Listed Alphabetically: April 1, 2000 to July 1, 2006

Budget figures for cities denoted by an \* were obtained from: [www.city-data.com](http://www.city-data.com)

Budget figures for the cities of Alliance, Ashtabula, Chillicothe, Maple Heights, Oxford, Solon, South Euclid, Troy, and Xenia were obtained from: <http://www.auditor.state.oh.us/>

Budget figures for the remaining cities were obtained from the official website of the City

The figure for the Number of Police Officers for the City of Maple Heights reflects data from 2006 and was obtained from: <http://www.auditor.state.oh.us/>

The figure for the Number of Police Officers for the City of Sidney reflects data from 2002 and was obtained from: [www.city-data.com](http://www.city-data.com)

All other figures for the Number of Officers reflect information from the year 2005 and were obtained from: [www.fbi.gov](http://www.fbi.gov), "Ohio Full-time Law Enforcement Employees by State by City, 2005."

We note that there is variation for Centerville City in terms of number of officers and ratios between this table and Chart II.1. For consistency, we used FBI numbers for all cities, using the assumption that any errors were in the same direction. The table does show that the number of police officers per 1,000 persons in Centerville is not excessive for this group of cities, although per capita spending is toward the upper end. Once more, however, we caution that the budget data only provides approximate comparisons.

One way to estimate these values is to compare personnel and spending levels of both Centerville City and a combined Centerville City/Washington Township with other similar-sized cities in the state.

Table II.7  
Comparison of Combined Centerville/Washington Police  
Ohio Cities, 38,000-71,000 population

City	Budget Year	Population	Police Budget	Per Capita Spending	Number of Police Officers	Citizens Per Police Officer	Police Officers Per 1,000 Citizens
Cleveland Heights	2004	48,477	\$7,999,000	\$165	109	444.7	2.2
Newark	2006	47,242	\$8,561,563	\$181	106	445.7	2.2
Hamilton	2005	61,859	\$8,672,988	\$140	137	451.5	2.2
Lima	2006	38,219	\$8,118,428	\$212	83	460.5	2.2
Springfield	2005	63,114	\$8,065,490	\$128	124	509.0	2.0
Euclid	2005	49,436	\$9,832,934	\$199	94	525.9	1.9
Cuyahoga Falls	2005	50,265	\$9,303,940	\$185	95	529.1	1.9
Findlay	2005	39,131	\$6,889,420	\$176	73	536.0	1.9
Centerville/Washington (current Centerville ratio)	2007	53,000			92	576.2	1.7
Strongsville	2004	44,162	\$8,058,000	\$182	76	581.1	1.7
Mansfield	2004	50,716	\$8,421,000	\$166	86	589.7	1.7
Warren	2005	45,670	\$9,231,118	\$202	77	593.1	1.7
Lakewood	2007	52,194	\$8,297,009	\$159	87	599.9	1.7
Middletown	2004	51,747	\$10,051,000	\$194	86	601.7	1.7
Elyria	2005	56,144	\$6,268,645	\$112	92	610.3	1.6
Centerville/Washington (doubled Centerville personnel)	2007	53,000	\$9,640,000	\$182	85	623.5	1.6
Mentor	2006	51,593	\$10,612,780	\$206	80	644.9	1.6
Kettering	2006	54,666	\$12,914,191	\$236	81	674.9	1.5
Huber Heights	2005	37,945	\$6,003,211	\$158	55	689.9	1.4
Lorain	2006	70,592	\$8,878,096	\$126	102	692.1	1.4
Fairfield	2004	42,323	\$4,591,000	\$108	61	693.8	1.4
Centerville/Washington (existing combined ratio)	2007	53,000	\$9,440,000	\$178	74.5	711.4	1.4

Sources: Budget figures for Middletown, Mentor and Huber Heights were obtained from the website of the state auditor: <http://www.auditor.state.oh.us>

All other budget figures were obtained from the official City websites listed under the name of each City or from [www.city-data.com](http://www.city-data.com)

Figures listed under "Number of Police Officers" for Elyria and Newark were obtained from the City websites

The number of police officers for Huber Heights was obtained from the website of the state auditor: <http://www.auditor.state.oh.us>

All other figures listed under "Number of Police Officers" were obtained from: [www.fbi.gov](http://www.fbi.gov), Table 78: "Full-time Law Enforcement Employees by State by City" 2005.

Simply combining the numbers of sworn personnel in the two departments in a merged community would give it relatively the fewest police officers in this group of cities. It is

our opinion that adequate police protection for a merged community would require at least a doubling of the number of sworn personnel currently in the City department to 85. In addition, if the merged City retains Centerville's City-owned dispatch system for the expanded police department and the existing fire department, it would require hiring at least one but more likely two additional records/communications personnel. These estimated initial additional costs are provided in Table II.8, are approximately \$200,000 greater than current Township police expenditures.

**Table II.8**  
**Estimated Annual Additional Police Expenditures**  
**Merged Centerville City/Washington Township**

<b>Additional Personnel*</b>	<b>Rank</b>	<b>Number</b>	<b>Minimum Hourly Salary</b>	<b>With Estimated Fringe Benefits (45%)</b>	<b>Total Annual Increased Costs</b>
	Lieutenant**	2	\$29.78	\$43.18	\$179,633
	Sergeant**	7	\$26.03	\$37.74	\$549,545
	Patrol/ Detective	33	\$21.95	\$31.83	\$2,184,640
	Records/ Communications	2	\$16.48	\$23.90	\$99,407
<b>Supplies &amp; Materials***</b>					\$208,130
<b>Vehicles***</b>					\$150,000
<b>Capital Expenditures (automobile replacements)***</b>					\$111,000
<b>TOTAL</b>					<b>\$3,482,355</b>

Sources: City of Centerville 2007 Annual Budget and City of Centerville 2007 Pay Ordinance

Notes:

\*Does not include merit step increases, shift differential pay, overtime, or other compensation.

\*\*Does not include recently promoted Lieutenant to Captain. We assume that these positions will be filled by internal promotions, so in reality new hires for patrol would be approximately 42. Calculating the costs as new hires is simpler and the total is not significantly different than calculating them as promotions.

\*\*\*We assume that all police supplies and equipment belonging to the current Township would become the property of the merged City, including their 21 (?) vehicles.

We stress again that these calculations are based on the existing City police department for convenience, and represent minimum additional expenditures. It would provide more police officers than are currently serving both the incorporated and unincorporated areas, and allow maintaining the same protection in the incorporated areas and increased personnel in the unincorporated areas than now exist. This amount is comparable to Kettering's police expenditures, although eventually actual additional expenditures would likely be between four and five million 2007 dollars as officers gain step increases, or \$700,000 to \$1.7 million greater than current Township expenditures. We also stress that the department that might ultimately develop in a merged community could very well be structurally quite different, possibly even a blend of the current organization and service delivery methods of both current departments. Even if a unified department emerges based on the current City department, the transition could take several years of continuing to utilize Sheriff Department personnel under contract. Such a gradual transition would also provide adjustment time to the Sheriff, whose deputies have apparently served the Township well.

### Summary of General Fund Expenditures

Should the two communities merge, most current general fund expenditures for both jurisdictions would continue. The baseline is budgeted 2007 expenditures of \$4.0 million for the Township and \$14.4 million (including transfers) for the City. There would be some savings in reducing duplication and slight increases for some administrative activities. The largest increased expenditures would be from assuming engineering responsibilities for the Township (\$435,000) and adding personnel to the income tax division (\$90,000). The other increases would primarily result from shifting services from earmarked property taxes to the income tax, including, fire services (\$6.6 million) and police services (initially \$3.5 million but eventually a \$4-\$5 million increase). If the park district and the recreation center are reorganized as City functions also financed from the general fund, they would add an additional \$4.5 million in obligations. These are summarized in Table II.9.

Table II.9  
Estimated General Fund Expenditures, Merged Community

Current Budgeted General Fund Expenditures: City	\$14,400,000
Current Budgeted General Fund Expenditures: Township	\$ 4,000,000
Sub Total	\$18,400,000
Less Duplications & Reductions	-\$ 500,000
Sub Total	\$17,900,000
Plus New or Transferred Services (police, fire, recreation, parks)	+\$15,300,000
Plus New or Transferred Services (police, fire, recreation, excluding parks)	+11,802,000

GENERAL FUND EXPENDITURES GRAND TOTAL (including parks)	\$33,200,000
GENERAL FUND EXPENDITURES GRAND TOTAL (excluding parks)	\$29,602,000

This amount compares favorably with Kettering's 2007 general fund budgeted expenditures of \$35.1 million, which does not include their expenditures for parks, recreation, senior center, or cultural activities. When these amounts are removed from estimated merged general fund expenditures, the grand total for a merged community would be \$28.5 million. Even adding the \$.7 million fire department deficit, the merged community's expenditures are estimated at approximately \$6.5 million less than Kettering's.

## **Public Works: Street Construction, Maintenance, and Repair**

Should the City and Township merge, the newly formed City would have the following street, road, and related public works responsibilities:

- Current City responsibility for streets (including signals and other related matters), ditches, tree trimming, and bridge maintenance
- Current Township responsibility for maintenance of Township streets and related matters
- Current Ohio Department of Transportation (ODOT) responsibility for maintenance of the portions of State Route 48 and State Route 725 that are within the unincorporated areas of the Township
- Current Montgomery County Engineer responsibility for maintenance of county roads (including signals and other related matters), ditches, bridges, and engineering services in the unincorporated areas of the Township.

The **City of Centerville** public works department consists of seven divisions with 45 budgeted full-time employees, 21 of whom are in the street maintenance division. The activities of this department are financed from four separate funds:

- General Fund: administration and engineering, vehicle/equipment maintenance, building inspection, facility maintenance
- Street Construction and Maintenance Fund and in Capital Project Funds: street maintenance, horticultural services, capital improvements
- Waste Collection Fund: waste collection and recycling

Expenditure changes for services financed by the City's general fund were examined above. The waste collection fund is a self-financed enterprise fund. Any increased expenditures would be covered by increased service charges, so it has no effect on budget balance. The expenditures of the City for public works are identified in Table II.10.

**Table II.10  
Public Works Expenditures, City of Centerville  
By Fund**

Current Expenditures		
	General Fund	
	Engineering, Administration*	\$ 789,903
	Street Construction & Maintenance	1,919,656
	State Highway Fund	93,900
	Total Current	\$2,803,459
Capital Expenditures	Capital Improvements Fund (streets & sidewalks, traffic control)**	\$3,000,000
	Permissive Tax Fund	165,000
Grand Total		\$5,968,459

\*Note: also includes vehicle maintenance and horticulturist

\*\*Note: Estimated from actual expenditures for infrastructure and from 2007-2011 Capital Improvement Program

The public works responsibilities for **Washington Township** rest with the Public Works Department. It has 17 full-time unionized employees, 6 non-union, and several part-time employees. The department's expenditures are all derived from six funds. Two of these are trust funds and assessments (Cemetery and Cemetery Bequest, Lighting Assessment), and therefore would not be affected by a merger. Budgeted expenditures for 2007 in the remaining four funds are given in Table II.11. We should note that these expenditures include both administrative overhead and capital expenditures.

**Table II.11  
Public Works Expenditures, 2006, Washington Township  
By Fund**

Current Expenditures		
	Motor Vehicle License Tax	\$ 109,142
	Gasoline Tax	75,945
	Road & Bridge Fund	2,110,275
	Total Current	\$2,295,362
Capital Expenditures	Road & Bridge Fund	\$1,562,609
	Permissive Tax Fund	100,473
	Total Capital	\$1,663,082
Grand Total		\$3,958,444

Source: Calculated from "Washington Township Expense Report: 12/29/06"

Assuming responsibility for the state highways in the Township from **ODOT** and the county road system from the **Montgomery County Engineer** would add significant additional expenditure obligations as well as some new revenues. Estimating these additional expenditures is difficult. One method would be to use actual expenditures by ODOT and the County Engineer in the Township. However, neither the state nor the

county keep precise records of expenditures by local jurisdictions. Therefore, we will use some very indirect methods to estimate these additional expenditures.

ODOT would transfer the portions of State Routes 48 and 725 that are currently within the unincorporated areas of the Township, or 22.75 lane miles. ODOT estimates annual resurfacing costs of \$213,000 (2007 dollars) on a seven-year cycle. In addition, the merged community would be responsible for the 12 signalized intersections, mowing and drainage, and for snow and ice removal on state routes. We have no estimates on these additional costs, except that ODOT budgets \$5,400 annually for snow and ice removal materials. Interstate 675 would remain ODOT responsibility.

For details on how we reached these figures, see Attachment II.2.

The Montgomery County Engineer is responsible for 319 centerline miles of roads within the County's nine townships, including 25.4 centerline miles in Washington Township (8.0% of the total). In addition to road construction, reconstruction, and resurfacing, the engineer provides snow and ice removal, roadside vegetation control, signage, and traffic signals along county roads. The engineer's office also maintains 56 bridges in the Township, 9.6% of the 554 maintained by the engineer, as well as 99 culverts of various diameters. The office acts as engineer for townships, including review and approval of new subdivision plans and inspecting construction to assure compliance with approved construction plans. The specific road responsibilities that the new community would acquire are presented in Table II.12.

Table II.12  
County-Maintained Roads  
Washington Township

COUNTY ROAD	LOCAL NAME	CENTERLINE MILES
CR 76	Rahn Road	1.26
CR 78	Alex-Bell Road	3.13
CR 79	Mad River Road	2.56
CR 83	Clyo Road	3.06
CR 84	Whipp Road	1.46
CR 86	Spring Valley Road	2.12
CR 145	Paragon Road	0.96
CR 166	Austin/Social Row	5.10
CR 175	Yankee Street	4.20
CR 181	Sheehan Road	1.26
CR 204	Leona Lane	0.29

Source: Provided by Montgomery County Engineer

A list of the 56 bridges that the Engineer maintains in the Township is presented in Attachment II.3. In case of a merger, the office would retain jurisdiction only of bridges on roads that penetrate the municipal boundary of the merged jurisdiction (see Attachment II.4). Based on this criterion, the County would retain responsibility for all bridges in the current Township except for those on the following streets:

- Nutt Road (3 bridges)
- Washington Church Road (4 bridges)
- Lighthouse Trail (1 bridge)
- McEwen Road (3 bridges)
- Atchison Road (4 bridges)
- Paragon Road (5 bridges)
- Rooks Road (1 bridge)
- Maltbie Road (1 bridge)
- Slagle Road (1 bridge)
- Seton Hill Place (1 bridge)
- Shadybrook Drive (1 bridge)
- Rooks Mill Lane (1 bridge)
- Silver Lake Drive (1 bridge)
- Halstead Circle (1 bridge)

Half of the 56 bridges that the County maintains are on these streets, so 28 would apparently become the responsibility of the new community while the County would continue to maintain the remaining 28. In addition, all of the four Centerville City bridges that are currently inspected and maintained by the Engineer (see Attachment II.5) apparently would continue to be County responsibility in the event of a merger.

The merged community would also assume responsibility for the 99 culverts in the unincorporated areas of the Township. Currently the engineer maintains those which are 24 inches or larger. However, the ORC does not require the engineer to maintain any culverts on township roads, and according to the engineer's office, this policy is likely to change in the near future. Such a policy change would be unlikely to affect expenditures in a merged community, since the Township Public Works Department currently does not rely on the County to maintain culverts.

The engineering services currently provided to the Township absorb a significant share of the County Engineer's Engineering Division activities, illustrated by the plat activity in Montgomery County shown in Table II.13.

Table II.13  
Plat Activity, Montgomery County

YEAR	TOTAL	WASHINGTON TOWNSHIP	% OF TOTAL	ALL OTHER TOWNSHIPS
2005 (PLATS)	10	7	70	3
2006 (PLATS)	16	8	50	8
2007* (PLATS)	3	1	33	2
LOTS**	549	399	77	150

\*2007 TO DATE

\*\*2005-2007 TO DATE

Source: Memo from Joseph Klosterman, Planning Manager, Montgomery County Planning Commission, to Joe Litvin, Montgomery County Engineer

Calculating the specific value of the services provided by the engineer that would be assumed by the merged City would require the following information about the office's three divisions:

- Engineering: annual cost of services that would no longer be provided to the Township, including administrative overhead.
- Roads: annual maintenance costs of roads to be transferred to the merged community; annual necessary capital outlays needed for these roads; administrative overhead for both.
- Bridges: annual maintenance costs for the bridges to be transferred to the merged community; annual necessary capital outlays needed for these bridges (in addition to replacing Township culverts); administrative overhead for both.

Since this needed information is not available, we will use the three data sources of actual and budgeted expenditures as proxies to estimate these additional needs. We should caution that even if our calculations could be precise, current and budgeted public works expenditures do not necessarily indicate actual needs. Governments at all levels seldom have sufficient resources to meet all current much less future transportation needs. In times of financial stringency, it is frequently tempting to defer spending on road maintenance or capital investments, such as street widening or intersection control, in order to cover pressing immediate needs, such as public safety, which generally has priority. These estimates are based more on what is actually planned or spent, rather than what is needed. Even so, these calculations are very tentative and cautious.

First, we can estimate the expenditures of the **Montgomery County Engineer** that can be attributed to county roads and bridges in the Township. An explanation of these calculations can be found in Attachment II.6 and planned Engineer expenditures in Attachment II.7.

Engineering Division:

Estimated Township share (8%)	\$435,000
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Roads Division: Road and Gas Fund:

Estimated Township share (8%)	
Salaries, fringes, & operating:	\$445,470
Capital:	<u>\$241,275</u>
TOTAL	\$687,000

Bridge Division: Road and Gas Fund:

Estimated annual cost of Township bridges (26) to be transferred to the merged community	
Salaries & fringes:	\$ 58,000
Operating & capital:	<u>\$ 92,700</u>
TOTAL	\$150,700

TOTAL Township share of County Engineer expenditures	\$1,272,700
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**Washington Township** 2006 road-related expenditures for maintaining 134 centerline miles of road are \$4 million, an average of \$29,851 per centerline mile. Adding 25.4 centerline miles would add \$758,000 to expenditure needs. These expenditures do not include engineering costs or bridge maintenance, which are responsibilities of the County Engineer. They would be most comparable to estimated expenditures of the Engineer's Roads Division, although estimates by this method are 10% higher.

Current **Centerville City** road-related budgeted expenditures are \$5.71 million for maintaining 107 centerline miles and 242 lane miles, including engineering, administration, and bridge maintenance, but excluding state highways. The average cost is \$53,360 per centerline mile. The centerline cost in the City is approximately 75% higher than in the Township because they include additional costs:

- Engineering costs
- Inspecting and maintaining bridges
- More miles of improved streets (with curbs, gutters, and sidewalks)
- More three- and four-lane streets

Adding 25.4 centerline miles, using the City's average, would add \$1,355,344 in roads and bridge expenditures. These estimates are almost identical to those made from County Engineer expenditures.

Since both of these estimates are relatively close to that reached using County Engineer expenditures, we will base our estimates on the latter figures since they are more complete. Table II.14 presents these numbers in the same format as public works expenditures in the City, including the ODOT calculations for state routes, by funds.

Table II.14  
Estimated Additional Public Works Expenditures

Current Expenditures		
	General Fund	
	Engineering	\$ 435,000
	Street Construction & Maintenance	554,500
	State Highway Fund	220,000
	Total Current	\$1, 209,500
Capital Expenditures	Capital Improvements Fund	\$283,300
Grand Total		\$1, 492,800

This amount would be in addition to the baseline current and capital expenditures of the City and Township. Because of the way the data is presented, we cannot distinguish precisely between current and capital expenditures, although we can distinguish between general fund expenditures, the permissive tax fund, and expenditures either from gas and license taxes or the capital fund. This approximate distribution is shown below in Table II.15.

**Table II.15**  
**Estimated Public Works Expenditures, Merged Community**

	General Fund (administration & engineering)	SC&M Fund	Capital Improvements Fund	State Highway Fund	State Routes (capital)
Centerville City	\$ 790,000	\$1,920,000	\$3,000,000	\$ 94,000	\$165,000
Washington Township		\$2,295,000	\$1,663,000	0	0
Additional from Montgomery County	\$ 435,000	\$ 554,500	\$ 283,300	0	0
Additional from ODOT	0	0	0	\$220,000	0
<b>TOTALS</b>	<b>\$1,225,000</b>	<b>\$4,769,500</b>	<b>\$4,946,300</b>	<b>\$324,000</b>	<b>\$165,000</b>

Once again, we emphasize the very uncertain nature of these calculations, although they do compare favorably with expenditures of Kettering, shown in the comparative Table II.16.

**Table II.16**  
**Public Works Expenditures, Kettering and Merged Centerville/Washington  
 2007 Estimates**

	Kettering*	Centerville/Washington
Centerline miles	244	266
Engineering	\$ 2,349,950	\$ 1,225,000
Roads & Bridges (current & capital)	\$ 9,366,625	\$ 9,715,800
State Routes (current & capital)	\$ 363,500	\$ 490,000
<b>TOTALS</b>	<b>\$12,080,075</b>	<b>\$11,430,800</b>

\*Source: calculated from 2007 Kettering City Budget

Based on this comparison, it appears that our estimates are relatively accurate. However, even this must be accepted as very tentative. Public works expenditures can remain very low by deferring maintenance and postponing capital investments if a community is willing to tolerate poor streets, unsafe intersections, and traffic bottlenecks. Or they can be very high if community resources permit adequate maintenance and capital investments dictated by plans for meeting future traffic demands. Estimating future public works expenditures is also complicated by the difficulty of budgeting for the availability of external funding sources. In Ohio, these include project grants and loans from the Ohio Department of Development, the Ohio Public Works Commission (Issue 2 Funds), and ODOT, which are not included in our calculations.

### **Capital Projects Funds**

Capital improvements fund expenditures would increase by adding \$1.663 million representing Township road-related capital expenditures and the \$283,300 estimated above for roads and bridges inherited from the County.

We assume that the sections of state highways over which the merged community would assume responsibility would not require capital improvements in the immediate future, so there would be no increase in expenditures from the **permissive tax fund**.

### **State Highway Fund**

We accept ODOT estimates that assuming responsibility for maintaining state routes would add approximately \$220,000 in expenditures to the merged community. These would be paid from the **state highway fund**.

### **Special Assessments**

A **special assessment** is a charge imposed on real property to help pay for a local improvement that benefits the property. Both the City and the Township make limited use of special assessments, which would not be expected to affect finances should the two merge.

### **Trust Funds**

Existing trust funds of the City, Township, or special districts would not be affected by a merger.

### **Expenditure Summary**

We estimate that in the case of a merger, total expenditures in all funds will be greater than the current combined expenditures of these funds in the existing City and Township: the general fund by \$14.7 million (including the park district) or \$11.2 million (excluding the park district), SC&M by \$2.85 million, the state highway fund by \$220,000, and capital improvements by \$1.95 million. Table II.2 on page 26 itemizes these changes.

### **Sources:**

See Interviews in Acknowledgements and References below

## Section III - Financial Impacts of a Washington Township/City of Centerville Merger: Projected Revenue Analysis

### GENERAL FUND

General fund revenues in a merged community would need to be sufficient to cover continuing and new demands on this fund. As summarized previously in Table II.9, this estimated amount is between \$29.3 (excluding the park district) and \$33.2 million (including the park district). The revenue sources that would most likely be affected by a merger are presented in Table III.1

Table III.1  
General Fund Revenues Likely Affected in Case of a Merger

Revenue	City	Township
Income tax	1.75%*	
General Property Tax (City)	2.35 mills*	
General Property Tax (Township)	0.7 mills**	0.7 mills**
Fire (Township)	4.5 mills***	4.5 mills***
Police Fund (Township)		4.0 mills***
Road & Bridge Fund (Township)		4.05 mills***
Recreation Center (Township)	0.7 mills***	0.7 mills***
Park District	2.9 mills****	2.9 mills****
Local Government Fund	Formula derived	Formula derived

\*proposed retaining and extending to residents and business in Township

\*\*proposed retaining

\*\*\*proposed abolishing

\*\*\*\*could be abolished if income tax revenues permit or voters approve, regardless of whether it becomes a City unit

Under our assumptions, as stated in Section II, in the event of a merger, the City's 1.75% income tax and 2.35 mill property tax would be retained and extended to the residents, employers, employees, and property in the unincorporated areas of the Township. The Township's .7 mill general property tax would be retained but the fire and recreation district property taxes (also collected on City property) would be abolished, as would also the millage for the police and the road and bridge funds. Whether the park district becomes a City department, the property tax millage can be reduced or abolished and it can be partially or wholly financed from general fund revenues. However, both alternatives of retaining or eliminating the park levy will be included in our calculations.

These changes in general fund revenues for the income tax, the various property taxes, and the local government fund are detailed below and summarized in Table III.2 on page 52.

Table III.2  
Revenue Changes in A Merged Community

FUND	ITEM	CURRENT CITY OF CENTERVILLE	CURRENT WASHINGTON TOWNSHIP	CURRENT COMBINED	MERGED COMMUNITY	ANTICIPATED INCREASE IN FUND REVENUES	COMMENTS
GENERAL							
	1.75% income tax	10,369,611	0	10,369,611	23,700,000	13,330,389	This is the low-end estimate; actual revenues might be up to \$6 million more.
	City 2.35 mill general property tax	1,564,189	0	1,564,189	4,150,000	2,585,811	Assumes this tax would be retained and extended to the current Township
	Township .7 mill general property tax	462,600	737,400	1,200,000	1,200,000	0	Assumes this tax would be retained in the merged community.
	Township 4.5 mill fire district tax	2,572,703	4,100,976	6,673,679	0	0	
	Township .7 mill recreation district	417,621	665,702	1,083,323	0	0	
	Township 4.0 mill police fund	0	2,919,515	2,919,515	0	0	
	2.9 mills park district	1,349,250	2,150,750	3,500,000	0	0	Assumes these taxes would not be retained, except perhaps for park district.
	Local Government Fund	459,441	500,000	959,441	1,504,736	545,295	County Auditor estimate
	TOTAL ESTIMATED INCREASED GENERAL FUND REVENUES				30,554,736	16,461,495	
	RETAINED GENERAL FUND REVENUES	2,146,000	2,400,000	4,546,000	4,546,000		These amounts exclude any mentioned above, and include miscellaneous revenues that can vary significantly from year to year.
	TOTAL ESTIMATED GENERAL FUND REVENUES				35,100,000		

Washington Township/Centerville City

FUND	ITEM	CURRENT CITY OF CENTERVILLE	CURRENT WASHINGTON TOWNSHIP	CURRENT COMBINED	MERGED COMMUNITY	ANTICIPATED INCREASE IN FUND REVENUES	COMMENTS
STREET CONSTRUCTION & MAINTENANCE	Township 4.05 mill road & bridge fund	0	3,855,818	3,855,818	0	0	Assumes this tax would not be continued.
	Gasoline Taxes	783,528	217,748	1,001,276	1,850,000	851,000	These amounts are 92.5% of revenues from indicated sources
	License fees	180,513	48,933	229,445	445,850	216,450	Assumes these revenue sources would continue in a merged community
	Transfers	900,000	0	900,000	900,000	0	
	Investment/Interest income	15,500	60,000	75,500	75,500	0	
	Other income	4,200	0	4,300	4,200	0	
	New 1.0 mill property tax	0	0	0	1,750,000	1,750,000	Assumes this tax as an interim revenue source for approximately 3 years to cover anticipated deficits in public works funds
	Additional transfers from general fund				1,500,000	1,500,000	
	TOTAL ESTIMATED SC&M FUND REVENUES				6,525,550	4,317,450	
	STATE HIGHWAY						
	Gasoline Taxes	63,529	17,655	81,185	150,000	69,000	These amounts are 7.5% of stated sources.
	License fees	14,636	3,968	18,604	36,150	17,550	
	Investment earnings	3,500	0	3,500	3,500	0	Assumes these revenues would continue in a merged community
	TOTAL ESTIMATED STATE HIGHWAY FUND REVENUES				189,650		

Washington Township/Centerville City

FUND	ITEM	CURRENT CITY OF CENTERVILLE	CURRENT WASHINGTON TOWNSHIP	CURRENT COMBINED	MERGED COMMUNITY	ANTICIPATED INCREASE IN FUND REVENUES	COMMENTS
CAPITAL IMPROVEMENTS (ADDITIONAL)							We assume that sufficient revenues would be transferred into this fund from the general and SC&M funds to cover the approximately \$2 million in additional expenditures
PERMISSIVE TAX							
	Permissive Tax	166,074	174,253	340,327	365,327	25,000	Increase estimated by Montgomery County Engineer
	Investments/Interest	4,000	30,000	34,000	34,000	0	Assumes these revenues would continue in a merged community
	TOTAL ESTIMATED PERMISSIVE TAX FUND REVENUES				400,000		

### **Income tax**

Assuming Centerville's 1.75% income tax would be applied to a merged community, we estimate that the result would yield an additional \$13.3 million in revenue, for approximately \$24 million as currently budgeted. This is the low-end estimate; actual revenues might be up to an additional \$6 million. For an explanation of the calculations, see Attachment III.1.

### **Property Taxes**

Increased revenue from the income tax will likely permit the elimination of all the Township property tax levies except for the .7 mill general property tax (5.2 mills for the City, 13.25 mills for the Township). If the park district is included, property taxes for each would be reduced by an additional 2.9 nominal mills. Retaining the City's 2.35 mill property tax and extending it to the unincorporated areas of the Township would add approximately \$2.6 million to general fund revenues. These revenue estimates do not consider the impact of the eventual elimination of the tax applied to personal property.

### **Intergovernmental Revenue**

Both jurisdictions currently receive revenue from Montgomery County's local government fund (LGF) and local government revenue assistance fund (LGRAF). These are formula based, and according to estimates by the Montgomery County Auditor, the distribution to a merged community would increase by approximately \$550,000 over the current aggregate of the two jurisdictions. This amount includes the share that municipalities which levy an income tax receive, proportionate to each municipality's share of the total municipal income tax collected by all municipalities. The LGRAF has ceased to exist effective January 1, 2008 as it has been consolidated with the LGF.

### **Summary of General Fund Revenues and Expenditures**

We assume that all Centerville's current general fund revenue sources would continue in a merged City, as would those of Washington Township, except for property tax revenue. Excluding the City's income tax revenues, these would amount to \$6.2 million from the City and \$2.4 million from the Township, and are presented in more detail in Table III.3. We should note that miscellaneous revenues from both the City and the Township can vary widely and should be viewed conservatively. Table III.4 summarizes estimated general fund revenues in a merged community.

Table III.3  
Assumed Continuing General Fund Revenues  
(Except Income Tax)

Revenue Source	City	Township	Combined
Estate/Inheritance Tax	\$ 900,000	\$ 250,000	\$1,150,000
Intergovernmental (Except LGF)	\$ 450,000		\$ 450,000
Service Charges	\$ 47,000		\$ 47,000
Fines, Licenses, Permits	\$ 284,000	\$ 135,000	\$ 419,000
Investments, Interest	\$ 245,000	\$ 500,000	\$ 745,000
Miscellaneous/Other	\$ 220,000	\$1,475,000	\$1,695,000
<b>TOTALS</b>	<b>\$2,146,000</b>	<b>\$2,360,000</b>	<b>\$4,506,000</b>

Table III.4  
Summary of Estimated General Fund Revenues,  
Merged Community

Total Income Tax Revenues	\$23,700,000
Total 2.35 mill & .7 mill Property Tax Revenues	\$ 5,350,000
Local Government Fund	\$ 1,500,000
Other General Fund Revenues--City	\$ 2,146,000
Other General Fund Revenues--Township	\$ 2,400,000
<b>TOTAL GENERAL FUND REVENUES, MERGED COMMUNITY</b>	<b>\$35,100,000</b>

We note that this amount of estimated general fund revenues is in excess of the \$33.2 million in estimated general fund expenditures (if the park district is included) or \$29.6 million (if the park district is not included). Either alternative would permit a cushion of between \$2 million and \$5.5 million that could be held in reserve or transferred to other funds. The erratic nature of miscellaneous revenues, however, creates some uncertainty and requires some margin for error. The conservative nature of revenue forecasts of both jurisdictions and our cautious income tax estimate compensate somewhat for anticipating a surplus of between \$1.5 and \$4 million.

## PUBLIC WORKS

In both communities the public works function for streets is financed by state-shared revenues from the gasoline tax and vehicle registrations, as well as by permissive license taxes that each assesses on vehicles registered in their respective communities. In addition, the Township levies 4.05 mills in property taxes earmarked for streets, and the City transfers some funding from the general fund to support streets. The following changes can be anticipated in case of a merger.

### Shared Revenues

Revenues from the **gasoline excise tax**, the **cents per gallon tax**, and the **motor vehicle license fee** are calculated with complex formulas based on vehicle registration,

and the formula differs between municipalities and townships. The formula favors municipalities, so the revenues from these two sources can be expected to exceed the current total of that of the two jurisdictions. In addition, each jurisdiction assesses an additional \$5 **permissive tax** on each vehicle registered. The County Engineer estimates that revenues from this tax would increase by approximately \$25,000 over the current aggregate total in the event of a merger. The current revenues and the projected increases are presented in Table III.5.

**Table III.5**  
**Current and Projected Increases in Shared Revenues**  
**Actual, 2006**

Revenue Source	Centerville City	Washington Township	Current Combined Revenue	Projected Merged Revenue	Projected Revenue Increase
Gasoline taxes	\$ 847,057	\$235,403	\$1,082,460	\$2,000,000	\$ 920,000
License fees	195,149	52,900	248,049	482,000	234,000
Permissive license tax	166,074	174,253	340,327	365,327	25,000
<b>Totals</b>	<b>\$1,208,280</b>	<b>\$462,556</b>	<b>\$1,670,836</b>	<b>\$2,847,327</b>	<b>\$1,179,000</b>

Centerville City revenues are divided among these three funds:

- 92.5% of gasoline taxes and license fees, to the Street Construction and Maintenance Fund
- 7.5% of gasoline taxes and license fees, to the State Highway Fund
- Permissive license tax, to the Permissive Tax Fund

Washington Township revenue sources are themselves separate funds:

- Motor Vehicle License Tax
- Gasoline Tax
- Permissive Tax

The Township's 4.05 mills of property tax go into an additional fund. We assume that this tax would be abolished and the revenues from these other three funds would be combined into the merged community's three funds. Estimated revenues for these funds, including continuing additional revenues, are presented in Table III.6.

Table III.6  
Estimated Revenues of Public Works Funds  
Merged Community

Fund	Revenue Source	Amount	Estimated Fund Expenditures	Balance
SC&M	92.5% of gasoline taxes & license fees	\$2,300,000		
	Transfers from general fund	900,000		
	Investment earnings (City)	15,500		
	Other (City estimate)	4,200		
	Interest income (Township MVL Tax)	30,000		
	Interest income (Township Gas Tax)	30,000		
	Total Estimated Fund Revenue	\$3,279,700	\$4,770,000	-\$1,490,000
State Highway	7.5% of gasoline taxes & license fees	\$186,000		
	Investment earnings (City)	3,500		
	Total Estimated Fund Revenue	\$190,000	\$324,000	-\$134,000
Capital Improvements (additional)			\$1,983,000	-\$1,983,000
Permissive Tax	Permissive tax	\$365,000		
	Investment earnings (City)	4,000		
	Interest (Township)	30,000		
	Total Estimated Fund Revenue	\$400,000	\$165,000	\$235,000

Table III.6 estimates that additional revenues for road-related public works expenditures in a merged community would not be sufficient to finance the additional responsibilities it would assume from the current Township, ODOT, and Montgomery County. Revenues would fall short by approximately \$1.5 million in the SC&M fund, and additional capital expenditures would increase by approximately \$2.0 million annually; at this point, we cannot say how much additional state or federal funding would be available. There are three identifiable alternatives to cover these revenue shortfalls in a merged community.

The first alternative would be to **reduce public works expenditures** by deferring maintenance and capital improvements. We reject this alternative, since one of the

assumptions in this study is that service levels would be minimally affected in the event of a merger.

The second alternative would be to draw on **existing unencumbered reserves** in the various funds to cover the expenditure deficits in these various funds. These are summarized in Table III.7.

Table III.7  
Unencumbered Funds  
Beginning 2007

Fund	Source	Amount
General	City	\$5,815,256
	Township	2,646,366
	Fund total	\$8,462,622
SC&M	City SC&M	\$ 288,308
	Township MVL	238,949
	Township Gasoline Tax	539,087
	Township Road & Bridge	4,697,718
	Fund total	\$5,764,062
State Highway	City	\$ 88,682
Capital Improvements	City	\$8,730,717
Permissive Tax	City	\$ 15,700
	Township	\$ 417,633

Utilizing reserves is an alternative for short-term cash flow problems, but is not a solution to cover what might be a permanent deficit.

The third alternative would be to **transfer** \$1.5 to \$2 million of the unencumbered balance from the general fund and an additional **temporary earmarked property tax** to cover the remaining \$1.5 million deficit. This is the most cautious approach, because it would provide sufficient revenues to avoid drawing on reserves and provide a cushion in the event of an error in estimating income tax revenue. Should general fund revenues be greater than estimated, this tax can be abolished. We estimate that a 1 mill dedicated property tax applied to the merged community for three years would generate approximately \$1.75 million in revenue, sufficient to cover these deficits within our conservative revenue estimates while providing a cushion during the transition process.

#### **Additional Intergovernmental Revenues**

Should Centerville City and Washington Township merge, its population would exceed 50,000. As a result, the merged community would be eligible to apply for a Community

Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development. We cannot determine beforehand whether such an application would be successful or if so how much the merged community would receive. As a reference, cities and counties in Ohio will receive almost \$50 million in CDBG grants, plus an additional \$32.5 million for other grants from the Office of Community Planning and Development, including a number of middle income communities. Kettering has received between \$500,000 and \$600,000 annually in CDBG grant funding for the past three years (see Attachment III.2). A summary of grant requirements and eligible activities can be found in Attachment III.3.

### **Revenue and Expenditure Summary and Estimated Fund Balances**

In a merged community, revenues for activities to be financed from the general fund are estimated to be approximately \$35.1 million, as the result of the following:

- Increase in income tax revenues resulting from application of the 1.75% income tax to residents, employees, and businesses in the unincorporated areas of the Township.
- Retention of the City's 2.35 mill property tax in the City and extension to the Township.
- Retention of the Township's .7 mill general property tax.
- Increased revenues from the local government fund.
- Elimination of 4.0 mills property taxes for the police department in the current Township.
- Elimination of 5.2 mills in property taxes in both the City and the Township (fire, recreation).
- Possible elimination of 2.9 mills in both the City and Township (park district).
- Retention of other City and Township general fund revenues.

Revenues for SC&M are estimated to increase by \$4.57 million, which would be sufficient to cover current Township road maintenance expenditures and estimated increased expenses for maintaining streets and bridge responsibilities assumed from the County, resulting from the following:

- Increased revenues from shared taxes.
- Eliminating the 4.05 mills of Township property taxes.
- Creating a temporary (three year) 1.00 mill earmarked property tax to cover road maintenance and capital expenditures.
- Retention of interest and other revenues.

We assume that revenues to cover increased capital improvement expenditures will be covered by transfers from the general and SC&M funds.

Revenues for the state highway fund and the permissive tax fund will increase from additional shared revenues. However, these may not be sufficient to cover additional

maintenance expenses for assuming state routes from ODOT, and will need to also be covered by transfers.

### **Conclusions**

In case of a merger, the most significant changes in cost-centers would result from assuming responsibilities for public works services now provided by Montgomery County, and for replacing revenues currently generated by property taxes for Township and special district services. The major revenue changes would be increased income tax revenue, increased revenue from intergovernmental sources, and an additional temporary 1.00 mill property tax to provide sufficient revenue for street maintenance and capital needs.

Expenditure needs for most services can be relatively accurately estimated because the services needed in a merged community are known and their costs can be determined from current experiences. The exceptions in this case are for police services and those road and bridge services assumed from Montgomery County. Similarly, some revenues can be estimated more accurately than others. Estimating income tax revenues cannot be done with the same degree of certainty as estimating property tax revenues. The data necessary to provide an accurate estimate of revenues from extending the City income tax to the unincorporated areas of the Township is available only by utilizing a number of different sources as proxies. The amount that the merged community would receive from shared revenues, that is gasoline taxes and license fees, can change if the state alters its statutory formula for sharing these revenues. The same is true for revenues from the State and Local Government Fund. In these cases, we have assumed that the sharing formulas will not change for the foreseeable future.

### **Sources:**

See Interviews in Acknowledgements and References below

## **Section IV – Projected Financial Impact of a Merger on Stakeholders**

The financial impacts of a City of Centerville-Washington Township merger would have different effects on stakeholders, including residents, businesses, elected officials, and employees in the City and the Township. The changes with the greatest potential impact are:

- Extension of City services into the unincorporated areas of the Township and financing services for a merged community.
- The financial advantages and disadvantages of a merger to the various stakeholders, including changing the share of the tax burden borne by residents and businesses in the unincorporated areas of the Township and in the City.
- Uncertainties for the careers and jobs of elected officials and employees.
- Alternatives to a merger for cooperation between the two jurisdictions.

This section examines the financial impacts of a merger and the likely effects on the stakeholders.

### ***Financing Existing and New Services***

Since Washington Township already provides many of the expensive urban services to its residents, a merger would bring only a few new services and small changes in the level of some current services. There would be some savings in a merged community by reducing duplication as well as a need for additional personnel experienced in some areas, such as income tax collection and engineering. Further, coordination of services and of potential new projects would be easier to accomplish. Most service costs, however, would be largely unchanged, with the exception of additional expenditures for assuming responsibilities for services currently financed by Montgomery County and to a lesser extent by ODOT. The most important financial challenge would be to secure sufficient revenues to fund these additional services and to shift the existing Township and special district services to financing from a property tax levy to a City income tax. These are discussed in more detail in the previous sections, but include the following:

- Additional personnel for the income tax and engineering divisions.
- Expansion of police services at an initial cost similar to the current contract with the Montgomery County Sheriff's Department.
- Increased capital, operating, and office expenditures for construction, repair, and maintenance of roads and bridges in the unincorporated areas of the Township currently handled by ODOT and Montgomery County.

The estimated cost of the service responsibilities of a merged community was examined in detail in the preceding sections.

## ***Financial Advantages and Disadvantages of a Merger***

There are financial advantages and disadvantages of a merger for both the City and the Township.

### **Advantages and Disadvantages to Stakeholders**

Taxes are the distasteful way that we finance government services. One of the more unfortunate aspects of taxes is that whatever type we choose, there are benefits and disadvantages to some more than others. In the event of a merger, taxes would change for residents, businesses, and employed persons in the unincorporated areas of the Township, since we assume that the existing methods of financing City of Centerville services would replace Township financing instruments. If so, current Township residents would be affected by the following:

- Retention of the 0.7 mill Township general property tax
- Application of the City's 1.75% municipal income tax applied to residents, businesses, and employed persons in the Township.
- Extension of the City's 2.35 mill property taxes extended to the current Township.
- An additional temporary 1.0 mill earmarked SC&M tax
- Eliminating the following property tax levies, a total of between 13.25 and 16.15 mills:
  - 4.0 mills for Township police services
  - 4.5 mills for fire services
  - 4.05 mills for the road and bridge fund
  - 0.7 mills for the Township Recreation Department
  - 2.9 mills (possible) for the Park District
- Decreasing property taxes by a net of between 9.9 and 12.80 mills

Similarly, for current City residents, the following changes in tax rates would apply:

- Continue the 1.75% municipal income tax, the Township 0.7 mill and the 2.35 mill City property taxes
- An additional temporary 1.0 mill earmarked SC&M tax
- Eliminating the following property tax levies, a total of between 5.20 and 8.10 mills:
  - 4.5 mills for fire services
  - 0.7 mills for the Township recreation department
  - 2.9 mills (possible) for the park district
- Decreasing property taxes by a net of between 4.2 and 7.10 mills

A merger would shift financing of most services in the current Township and some in the City from a reliance on property taxes to a predominant reliance on an income tax. Many costs of government services therefore would be transferred from property owners, primarily residents, to employed persons, both residents and non-residents. It would result in reduced property taxes for all property owners in both the current City and the unincorporated areas of the Township, as shown in Table IV.1 on page 64 and

in Table IV.2 on page 64. We estimate that with a merger and the extension of the income tax to the unincorporated areas of the Township, property owners in Centerville City would save approximately \$3.2 million in property taxes and those in the unincorporated areas would save almost \$9 million per year.

**Shifting the Burden from Property Owners to Employed Persons**

**Table IV.1**  
**Estimated Changes in Property Tax Rate, in Mills**  
**(excluding county-wide and school taxes)**

	Current City			Current Township		
	Current taxes	Proposed taxes	Proposed change	Current taxes	Proposed taxes	Proposed change
General City	2.35	2.35	0	0	2.35	2.35
General Township	0.70	0.70	0	0.70	0.70	0
Township Police Services	0	0	0	4.00	0	-4.00
Fire Services	4.50	0	-4.50	4.50	0	-4.50
Road & Bridge Fund	0	0	0	4.05	0	-4.05
Recreation Department	0.70	0	-0.70	0.70	0	-0.70
Park District (tentative)	2.90	0	-2.90	2.90	0	-2.90
Earmarked SC&M Fund	0	1.00	1.00	0	1.00	1.00
<b>TOTALS (including Park District)</b>	<b>11.15</b>	<b>4.05</b>	<b>-7.10</b>	<b>16.85</b>	<b>4.05</b>	<b>-12.80</b>
<b>TOTALS (excluding Park District)</b>	<b>11.15</b>	<b>7.95</b>	<b>-3.2</b>	<b>16.85</b>	<b>7.95</b>	<b>-8.90</b>

**Table IV.2**  
**Estimated Changes in Property Tax Collections**  
**(excluding county-wide and school taxes)**

	Current City			Current Township		
	Current taxes collected	Proposed amount collected	Proposed change	Current taxes collected	Proposed amount collected	Proposed change
General City	1,564,189	1,564,189	0	0	2,585,811	2,585,811
General Township	462,600	462,600	0	737,400	737,400	0
Township Police Services	0	0	0	2,919,515	0	-2,919,515
Fire Services	2,572,703	0	-2,572,703	4,100,976	0	-4,100,976
Road & Bridge Fund	0	0	0	3,855,818	0	-3,855,818
Recreation Department	417,621	0	-417,621	665,702	0	-665,702
Park District	1,349,250	0	-1,349,250	2,150,750	0	-2,150,750
Earmarked SC&M Fund	0	674,625	674,625	0	1,075,375	1,075,375
<b>TOTALS (including Park District)</b>	<b>6,366,363</b>	<b>2,701,414</b>	<b>-3,664,949</b>	<b>14,430,161</b>	<b>4,398,586</b>	<b>-10,031,575</b>
<b>TOTALS (After 12.5% rollback)</b>	<b>5,570,568</b>	<b>2,363,737</b>	<b>-3,206,831</b>	<b>12,626,391</b>	<b>3,848,763</b>	<b>-8,777,628</b>
<b>TOTALS</b>	<b>5,017,113</b>	<b>2,701,414</b>	<b>-2,315,699</b>	<b>12,279,411</b>	<b>4,398,586</b>	<b>-7,880,825</b>

(excluding Park District)						
TOTALS (After 12.5% rollback)	4,389,974	2,363,737	-2,026,237	10,744,484	3,848,763	-6,895,722

While a merger would result in reduced property tax payments for all property owners in both the current City and Township, the addition of an income tax would not affect all residents, as summarized below.

Income taxes would not change for the following:

- Current City residents
- Current Township residents employed in Centerville City or in another jurisdiction levying an income tax of at least 1.75%.
- Retired persons in both jurisdictions, as the 1.75% income tax is not applied to pensions, investments, Social Security, etc.

Income taxes would increase for the following:

- Current Township residents employed in the Township
- Current Township businesses
- Current Township residents employed in the Township or another jurisdiction without an income tax or with a tax of less than 1.75%
- Current non-residents employed in the Township who do not live in a jurisdiction levying an income tax or with a tax of less than 1.75%.

The residents most affected by applying a City income tax to the current Township would be those not currently paying a municipal income tax or paying a tax of less than 1.75%. There is limited data available on how many Township residents would be included in this group. In order to estimate how large this group would be and how much taxes they would pay, we must use a number of proxy indicators and make assumptions that resident employment in the unincorporated areas of the Township is similar to that in Centerville. These estimates indicate that this is a minority of residents, and the majority of persons affected by the income tax would be employed persons in the Township who do not live in either the Township or the City.

- Both City and Township officials estimated that at least 15% but no more than 35% of Township residents would be affected by the extension of a City income tax.
- According to our revenue estimates, Method 2 estimates that 51.4% of additional revenues from the current Township would come from non-residents, and Method 3 estimates that non-residents would provide 52.8% (calculated from the table in Attachment III.1, p.106 of this document).
- Of the Centerville City residents who were employed and thus had to file W-2s, only approximately 37% paid an income tax to the City. This number does not include retired persons, since the City does not require that residents with unearned income file a return.

- Approximately 48% of 2005 City income tax revenues were paid by residents, approximately 40% by non-residents, and 12% by businesses in the City.
- Findings by the 2000 Census Transportation Planning Package (CTPP) are similar. The CTPP can identify the place of work for 82% of Centerville residents. Of these, 58% worked in jurisdictions which collect at least 1.75% in taxes and 10% worked in jurisdictions which collect between 1% and 1.5%. Only 32% of those employed worked in jurisdictions that did not collect a local income tax (see Attachment III.1, Appendix B). Data from the 2000 Census allows us to estimate the approximate number of persons in the unincorporated areas of the Township who would be affected. According to the Census, 15,560 residents were employed in 2000; 32% of these would be fewer than 5,000 persons or according to Census data, 22% of the adult population in the unincorporated areas of the Township. This calculation does not include the population growth in the Township since the Census was taken, although it is unlikely to have increased by more than 10% during this period.
- The Miami Valley Regional Planning Council, as reported in volume III of "Create the Vision," estimates that as of 1990, 73% of persons employed in Centerville City were non-residents.
- In addition, the CTPP identified the place of employment for 85% of the residents of Woodbourne-Hyde Park CDP in the Township who were employed (excluding retired persons). Of these, 64% paid at least 1.75% in taxes. Approximately 8% paid between 1% and 1.5%, and only 28% paid no local income tax (see Attachment III.1, Appendix B).

We assume that these estimates are similar to the commuting patterns of residents and employed persons in the unincorporated areas of the Township. If so, the number of residents affected by the 1.75% income tax and their share of the estimated additional \$13.3 million in revenue are these:

- At the most, 37% of employed persons currently do not pay any local income tax, based on the pattern in Centerville City. Using calculations again from the 2000 Census, the number of residents affected would be approximately 5800, or at most 6,500 with allowances for population growth since 2000. This percentage is similar to the maximum estimated by City and Township Officials, but greater than the CTPP estimates. According to Census information, it would be approximately 26% of the adult population.
- Between 8% and 10% pay less than 1.75% to their jurisdiction of employment, based on the CTPP estimates.
- Between 48% (based on Centerville City patterns) and 53% (based on Method 3 in Attachment II.1) of the additional taxes would be paid by current residents in the unincorporated areas of the Township.

We estimate that applying the 1.75% income tax to the unincorporated areas of the Township would generate at least \$13.3 million in additional revenue. We estimate that between 48% and 53% of this amount would be paid by current Township residents.

Table IV.3 calculates the range of changes in the total tax burden for residents and businesses in the unincorporated areas and in the City.

Table IV.3  
Change in Total Aggregate Tax Burden  
Washington Township and Centerville City

Washington Township		
	Savings in property taxes	\$6,900,000 (without park district) to \$8,780,000 (with park district)
	Increased income tax payments (minimum estimate)	\$6,400,000
	Increased income tax payments (maximum estimate)	\$ 7,050,000
	Range of savings in tax payments	\$1,730,000 to \$2,380,000 (with park district); \$0 (without park district)
Centerville City	Savings in property taxes	\$ 3,200,000 (with park district); \$2,000,000 (without park district)
Total Tax Savings, Incorporated and Unincorporated Areas		\$ 5,000,000 to \$ 5,600,000 (with park district); \$2,000,000 (without park district)

### Citizen Perceptions of Financial Implications of a Merger

During the research for this project, we were able to interview a sample of residents concerning their attitudes toward a possible merger, focusing on perceptions of financial and service changes as well as their merger opposition and support. We requested names from both City and Township officials of residents willing to express their views. Township officials provided a list of five names (one of whom could not be contacted). City officials provided 10 names (three of whom currently reside in the unincorporated areas of the Township). Telephone interviews were conducted by a University of Toledo graduate assistant between August 27 and September 6, 2007, and lasted between 20 and 30 minutes each. The questionnaire is presented as Attachment IV.1 and the results in a table as Attachment IV.2.

This was not a random sample and is not presented as representative of the attitudes of the larger community. However, since the respondents are known to officials of the respective governments, we assume this indicates that they are active in community life and therefore are likely to be in positions to both reflect and affect community opinion. As such, their views are presented for information purposes only.

### **The Advantages of the Income Tax and the Property Tax**

Both the property tax and the income tax have advantages and disadvantages as means of financing government services. In Ohio, financing local government services through an income tax has two significant advantages over the property tax. First, local government services compete with local schools for funds for property tax funds, which it *overlaps*, and can unnecessarily pit the two against each other. School districts have the greatest claim on property taxes, and even in the case of Centerville City and Washington Township, which rely on property taxes to finance many of their most expensive services (fire, parks, library, recreation for both, and police and roads for the Township), approximately two-thirds of the property tax millage is allocated to the school district.

Second, for Ohio local governments, income taxes as a revenue source are more *elastic*, since revenues generally increase as incomes increase. Income tax revenues are therefore more able to cover normal inflationary increases in the cost of delivering government services. Ohio property tax revenues, however, do not automatically increase in response to increased property values because of what is known as the "property tax reduction factor," defined by the Ohio School Boards Association as follows:

Sometimes referred to as the "HB 920" effect. An adjustment by which the taxes charged by voted mills on Class I and Class II real property are reduced to yield the same amount as those same mills yielded in the preceding year, exclusive of new construction. The reduction factor does not apply to inside mills or to voted mills charged against general and public utility personal property (<http://www.osba-ohio.org/terms.htm>).

As a consequence of the reduction factor, the property tax rate for voted levies decreases proportionate to the increase in property values, so that taxes collected on each property remains static. Therefore, for a government service financed by property taxes, revenues will only increase under three conditions:

- New property is added to the tax rolls, expanding the tax base.
- A new or replacement levy is approved.
- The tax millage is increased, changing the effective tax rate.

Population growth and residential development in Washington Township have consistently added new taxable property over the past decades, making it possible to continue supporting high levels of services for both the City and the Township.

However, when there is no more usable land for development, property tax revenues will be unlikely to keep pace with increased costs of these services. The City and Township will then be faced with either increasing property taxes, reducing services, or finding alternative revenue sources. The Fiscal Impact Assessment of *Create the Vision* also expressed this view:

**Township Property Tax Revenues.** Washington Township is even more dependent on property taxes [than Centerville], which account for 71% of the jurisdiction's revenue stream. As the Township gradually builds-out, growth in its assessment base will slow. Given the Township's dependence on residential property taxes and the gradual aging of its housing stock, there may eventually be a need to either enhance the value of existing properties, increase development densities (to allow for development of more homes), or diversify the tax structure away from dependence on property tax revenues (p. 175, Vol. III, *Create the Vision*).

How far in the future this point is remains speculative. Township officials estimate that it is at least ten years away, depending on the market demand for new construction in Montgomery County.

The decline in revenue yield from the property tax is shown in Table IV.4. The table compares the changes in revenues from the various property taxes and their percentage of property valuations in 2002 and 2006. Between these years, property valuations in the unincorporated areas increased by over 28% and if Centerville City property valuations are included, by a little less than 28%. For both years, the nominal tax rate was unchanged at 13.95 mills, consisting of eight separate levies for five funds, as shown in Table IV.5.

**TABLE IV.4  
TOWNSHIP PROPERTY TAX COLLECTIONS**

TAXES COLLECTED IN UNINCORPORATED AREAS ONLY		2002	2006	% CHANGE
	VALUATION, UNINCORPORATED AREAS	\$800,604,061	\$1,026,623,431	28.23%
	AMOUNT COLLECTED, ROAD & BRIDGE	\$3,276,005	\$3,893,411	18.85%
	% OF VALUATION	0.409%	0.379%	-7.32%
	AMOUNT COLLECTED, POLICE	\$2,628,809	\$2,959,306	12.57%
	% OF VALUATION	0.328%	0.288%	-12.21%
TAXES COLLECTED IN ALL AREAS				
	VALUATION, INCLUDING CENTERVILLE	\$1,305,056,223	\$1,667,284,276	27.76%
	AMOUNT COLLECTED, GENERAL	\$932,378	\$1,183,566	26.94%
	% OF VALUATION	0.071%	0.071%	-0.64%
	AMOUNT COLLECTED, FIRE	\$4,526,834	\$6,757,359	49.27%
	% OF VALUATION	0.347%	0.405%	16.84%
	AMOUNT COLLECTED, RECREATION	\$882,647	\$1,086,609	23.11%
	% OF VALUATION	0.068%	0.065%	-3.64%

Source: Valuations provided by Centerville City Finance Department; revenue amounts from 2005 and 2007 Township Budgets; percentages calculated.

**Table IV.5  
Washington Township Property Tax Data**

FUND	DATE AUTHORIZED	TYPE	TAX VALUE YEAR	RATE LEVIED
GENERAL*		INSIDE	CURRENT YEAR	0.70 MILLS
ROAD & BRIDGE		INSIDE	CURRENT YEAR	2.35 MILLS
	MAY 7, 2002	REPLACEMENT	2002	1.70 MILLS
POLICE	NOVEMBER 8, 2005	REPLACEMENT	2005	2.00 MILLS
	JUNE 2, 1982	NEW	1982	2.00 MILLS
FIRE*	NOVEMBER 5, 2002	REPLACEMENT	2002	1.50 MILLS
	NOVEMBER 5, 2002	REPLACEMENT	2003	3.00 MILLS
RECREATION*	NOVEMBER 4, 2003	REPLACEMENT	2003	0.70 MILLS

\*Applies to both Centerville City and unincorporated areas of the Township  
Source: 2007 Budget, Washington Township

Only the fire fund had property tax revenues increasing faster than the property valuations, because the 3.0 mill levy was a replacement levy based on 2003 property values. Only the general levy kept pace with the increased valuations, because it is an inside levy and therefore the reduction factor does not apply. Revenues for the other three funds did not keep pace with increased valuations, despite having at least one levy that was inside (road & bridge) or replacement (all three) since 2002. Because of continuing development, revenues have steadily increased despite the generally declining share of their percentage of property values. Once growth ends, most of these revenues can be expected to become static unless the millage is increased.

While continued growth adding property to the tax rolls has been the motor driving increasing tax revenues to finance Township services, the citizen survey conducted by Opinion Research Associates implies that Township citizens are ambivalent about this growth. When asked which issues were most important, on a scale of 1 to 5, 71% of the respondents ranked "Control of development" as either a 4 or 5. If this opinion is an accurate reflection of the community, the continued growth necessary to support Township services could encounter increased resistance in the future and result in a progressively tighter financial situation.

**Advantages and Disadvantages of County Provided Services**

One of the financial disadvantages to Washington Township of a merger would be the loss of some expensive services it currently receives from Montgomery County. The most important of these is the contract with the Sheriff's Department for police services that are provided below actual cost (see above, Section II) and the maintenance of county roads and all bridges in the Township by the County Engineer, the value of which was estimated in Section II.

There are, however, some potential disadvantages to this reliance on the County, and there is reason to be cautious in assuming continued satisfactory service from the County. The declining population, from 573,809 in 1990 to an estimated 542,237 in 2006 is expected to erode its financial base. According to the Comprehensive Annual Financial Reports (available at the Ohio Auditor's website), general fund revenues have been flat since at least 2002 and have actually declined since 2001. As shown in Table IV.6, revenues fluctuated by \$30 million dollars over this period primarily because of investment earnings; other revenues increased by less than 4% between 2001 and 2006.

Table IV.6  
Montgomery County General Fund Revenues  
2001-06

YEAR	INVESTMENT EARNINGS	ALL OTHER REVENUE SOURCES	TOTAL GENERAL FUND REVENUES

2001	41,256,051	122,678,025	163,934,076
2002	30,095,317	122,118,427	152,213,744
2003	9,061,271	125,543,980	134,605,251
2004	6,351,606	127,498,566	133,850,172
2005	10,753,331	125,828,924	136,582,255
2006	23,133,475	127,164,887	150,298,362

Source: Ohio Auditor website <http://www.auditor.state.oh.us/>

Further, an examination of the **Sheriff's** contract funds, which includes the road patrol contracts with Washington Township and three other Townships, shows that the funds have been in deficit every year since 2003. As shown in Table IV.7, at the end of 2003, the deficit was \$527,242, increasing to \$814,804 at the end of 2006; it is not projected to be reduced at the end of 2007. More than 90% of the contract funds are with Washington and Harrison Townships. This deficit is primarily the result of \$1.3 million shortfall in the 2003 contract with Washington Township. The Department has gradually made up this deficit, reducing it to \$305,000 at the end of 2006 and is budgeted to remain at this level at the end of 2007. Such a financial situation indicates the uncertainty of the current arrangement, particularly since it depends on decisions made by the incumbent Sheriff and approval of the Sheriff's budget by the Commissioners.

Table IV.7  
Montgomery County Sheriff Contracts  
Special Revenue Funds

YEAR	Fund Balance, Beginning of Year	Revenues	Expenditures	Other Financing	Fund Balance, End of Year
2003	\$ 222,598	\$5,998,393	\$6,711,251	\$-36,981	\$-527,242
2004	\$-527,242	\$6,249,156	\$6,497,509	\$ 3,381	\$-772,214
2005	\$-772,214	\$7,269,498	\$6,933,614	\$ 5,550	\$-430,780
2006	\$-430,780	\$6,702,708	\$7,087,842	\$ 1,110	\$-814,804
2007 (budgeted)	\$-837,373	\$8,166,459	\$8,166,459	0	\$-837,373

Note: 2003-2006 for all security, road patrol, and dispatching contracts: 2007 only for road patrol.

Sources: Ohio State Auditor website <http://www.auditor.state.oh.us/> and 2007 Montgomery County Budget

Table IV.8  
Montgomery County Sheriff Contracts  
Washington Township  
Special Revenue Fund

YEAR	Fund Balance, Beginning of Year	Revenues	Expenditures	Fund Balance, End of Year
2001	\$ 270,095	\$1,417,918	\$2,211,006	\$ -522,993
2002	\$ -522,993	\$2,890,125	\$2,135,736	\$ 231,396
2003	\$ 231,396	\$ 882,491	\$2,226,079	\$-1,112,192
2004	\$-1,106,523	\$3,073,665	\$2,342,920	\$ -375,778
2005	\$ -375,778	\$2,425,294	\$2,545,955	\$ -496,439
2006	\$ -496,439	\$2,954,387	\$2,764,703	\$ -304,755
2007 (budgeted)	\$ -304,755	\$3,111,874	\$3,111,874	\$ -304,755

Sources: Ohio State Auditor website <http://www.auditor.state.oh.us/> and 2007 Montgomery County Budget

Township officials who expressed an opinion about the services provided by the **County Engineer** were generally critical of the responsiveness of this office to upgrading roads and intersections to keep pace with the increased growth needs of the Township. Volume III of *Create the Vision* provides some detail about the inadequacies of County Roads in the Township, and implicitly compares them with the quality of roads in Centerville City. It names the City streets that change from three or four lanes to two lanes when they cross into the Township, including Clio Road, Paragon Road, SR 48, and Spring Valley/Social Row Road.

The report also applied a "planning level capacity analysis" to the major arteries in both the City and the unincorporated areas of the Township.

[The] Level of Service (LOS) is expressed like a school report card, "A" through "F." ... In urban areas, a LOS "D" is generally considered to be an acceptable LOS during peak periods. LOS "D" borders on a range in which small increases in traffic flow may cause substantial increases in delay and decreases in travel speeds (pp. 70-71).

Of the 24 roadways cited, 13 are entirely within the unincorporated areas of the Township, 5 are within Centerville, and 6 are shared between the two. In the City, only one is rated as a "D" and none below; in the Township, one is a "D" and two are rated an "E;" of those shared, five are "C" or better and one is an "E." One of these, Yankee Road south of SR 725 has since been widened. All five of those rated "D" or "E" are County roads.

Stressing the importance of widening roads, the report continues:

The Level of Service Analyses shows that many of the roadways that have not been widened from two lanes are presently operating at low levels of service, and will not be able to accommodate future growth without improvements or a shift in motorists' travel mode. The congested roads frequently have a high number of traffic crashes...(p. 72).

Accidents in the Township occur most frequently at County maintained intersections. Of the seven which had the highest accident rates from 1999 through 2001, five were County responsibility. Of the 10 most frequent crash sites provided by the County Sheriff's Washington Township Sub-station, all were intersections on County maintained roads (pp. 73-74).

Even with the inadequacies of County maintained roads in the Township, relying on the County Engineer means that the Township can develop but cannot fully implement comprehensive transportation planning. An example is again provided in *Create the Vision* of how Centerville in contrast was able to develop a "comprehensive Enforcement and Education traffic safety program, coupled with the ongoing Engineering efforts that has been widening streets and intersections," with the result of "a reduction of accidents in Centerville to levels prior to those seen in 1970's" volume III, p. 69).

Quality of roads is one of the few services which is lower in the Township than in the City. Apart from its inability to plan for its own growth because of this reliance on the County Engineer, Townships receive a smaller share of state shared revenues and rely more on property taxes than do cities. One example of the difference in service levels is that in the City-owned street sweeper operates daily while the Township's operates irregularly. Other indications of possible problems generally in Township public works services are implied in the Opinion Research Associates survey, in which the following percentage of respondents ranked these issues most important (4 or 5):

- Road improvement 70%
- Storm water drainage 57%
- Inadequate sanitary sewers 53%

Attachment IV.3 summarizes the County Engineer's Capital Improvement Plan for 2007-2011 for road and bridge projects, with costs divided between architectural and engineering, land acquisition, and construction and improvement. It shows that the Engineer does not include any capital investments in Washington Township after 2008.

One objection to a merger is that the Montgomery County Engineer would not complete promised projects in the Township. However, the Engineer has stated that he "would help finish any scheduled projects and would turn over jurisdiction immediately after merger is official." He also states that he "is facing funding cuts and there is uncertainty for projects scheduled after 5 years." Projects that are planned within this period are the following:

- 48 & Social Row project to build left turn lanes is planned, construction is anticipated next year possibly in the Summer and is funded by ODOT. The County would contribute until complete if a merger occurred.
- There is a signal project anticipated this year for Sheehan & Social Row intersection. The County would contribute until complete if a merger occurred.
- Yankee Street from south of Lyons to Bethany Commons Trail project is anticipated for construction in 2010 with approximately \$2.5 million for construction and \$0.5 million for right-of-way. The County would contribute until complete if a merger occurred.
- Alex Bell bridge replacement will occur in 2010 with 80% federal funding and no local share, if a merger occurred there would be no change in this project.

Other projects are either uncertain or would not be affected by a merger. A summary of the interview can be found as Attachment IV.9 on page 148.

During interviews, we heard two different explanations for the County Engineer's lack of future plans for capital investment in the Township. One was political, that Montgomery County government has become increasingly Democratic, with all three commissioners shifting from Republican to Democratic in the last four years. The only remaining county-wide elected Republicans are the Sheriff and Coroner. Consequently, officials are less willing to invest in Republican areas for political reasons. The other explanation is equity balance, that much of the infrastructure expenditures for the past decade have been in the southern part of the County, and now expenditures are directed to the northern part. A third explanation, equally compelling, is that the Montgomery County Engineer has insufficient financial resources to respond to the county-wide transportation improvement needs. Expenditure budgets for this office has been stagnant since at least 2002, when it was \$17.7 million, peaking at \$19.5 million in 2005, and declining again to \$17.3 million for 2007. Whichever explanation is valid, Washington Township appears unlikely to receive adequate attention from the County to meet its pressing transportation needs resulting from its current much less anticipated traffic demands.

### **Financial Impacts on Businesses\***

The two financial changes that would have the greatest impact on business in the unincorporated areas of the Township are:

- Reduction of property taxes by a nominal rate of 13.50 mills
- Addition of a City income tax of 1.75% on some profits for corporations; resident unincorporated businesses or resident partner or owner of a resident unincorporated business entity, profession or other activities; nonresident persons or businesses; nonresident unincorporated businesses, professions or

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\* This section is revised from "An Analysis of Projected Financial Impacts of a Possible Sylvania Township - City of Sylvania Merger," UAC, The University of Toledo, January 2007.

other activities; or nonresident unincorporated business entity or pass-through entity. The application of this tax is summarized in Attachment IV.4.

Both citizens and officials of the Township expressed concerns that a merger and the imposition of income tax would negatively affect business investments in the current unincorporated areas. Answering this concern is beyond the scope of this report, except to refer to the large body of academic literature on factors involved in business investment decisions. These indicate that the decisions on location and investments are the result of a complex decision matrix involving a number of factors, including:

- Level and type of taxes
- Transportation access
- Distance from market
- Raw materials
- Energy availability and cost
- Labor costs
- Community amenities
- Level and costs of government services
- Relocation costs

In addition, there is consensus that different types of firms weigh these factors differently, such as whether the firm is capital or labor intensive, manufacturing or service providing, large or small, etc.

The authors could find no business location research that focused on the effect of a municipality shifting from reliance on property taxes to income taxes. The closest approximation is studies that examine differences in investment or employment across communities within a metropolitan area. Tax differences are expected to be more important influences on these intraregional decisions, because most labor market and other cost factors do not vary within a region. A review of intraregional studies by Mark, et al. (2000) found that property tax differentials had a consistently negative effect on economic activity: communities with lower property taxes experienced more economic growth (2000: 107). These studies, however, did not examine the effects of local differences in sales or income taxes. Bartik (1991) reviewed the conclusions of 14 studies of intra-metropolitan business location decisions and found that tax effects were much greater within metropolitan areas than between metropolitan areas or states (p. 39); the negative impact of higher property taxes was found to be greater in manufacturing and capital intensive industries.(p. 42) These studies, however, examined only variations in property tax rates among municipalities, so they are of limited value in estimating the effects that a municipal income tax replacing property taxes might have on business location decisions.

The Mark study examined influences on business and residential location decisions in Washington, DC and eight surrounding counties (Charles, Montgomery, and Prince George's in Maryland, and Alexandria City, Arlington, Fairfax, Loudon, and Prince William in Virginia) through analysis of population and employment growth rates from

1969 to 1994. Because the District of Columbia cannot tax the income of nonresident workers, residential decisions have a greater influence on its revenues than in the case of Ohio municipalities. The authors' analysis of population growth rates looked at the effects of personal income, sales and residential property tax rates; corporate income, sales, commercial property, personal property, and unemployment insurance tax rates were included in analysis of employment growth rates. (2000: 112) Measures of quality of life (e.g., income level, crime rates) and spending for public services were included in both analyses. The authors found no statistically significant relationships between property or income tax rates and population growth. (2000: 114, 116, 117) Of the business taxes measured, only the personal property tax and the sales tax were found to have negative effects on annual employment growth rates; higher levels of public services and higher per capita income were associated with greater employment growth (120). Neither residential nor business location decisions appeared to have been affected by either property or income tax rates.

It should be noted that the focus of this particular research was on longitudinal changes over a period of more than 20 years in multiple jurisdictions, rather than identifying short term effects of a tax change in one community. The Washington, DC, metropolitan area includes two states, eight counties, and multiple local jurisdictions. These differences suggest that caution is advisable in applying the findings to other states or regions. Furthermore, the importance of labor, transportation, taxes, and other business costs varies across economic sectors, and among firms of different sizes. In Centerville, most businesses pay very little net corporate profits tax because of allowable deductions and exemptions and amounts to only 12% of the total collected.

Without detailed information on the types and sizes of businesses in Washington Township, it is not possible to estimate the impacts of a merger and the extension of an income tax on the location choices of these businesses. We would also note that having a municipal income tax has not been, in itself, an obstacle to business and residential growth in Centerville City. Between 2002 and 2006, property valuations grew at a similar rate as in the Township, 27.0% in contrast to the 28.2% growth in the Township. Income tax revenues increased during this period by 17.6%.

### ***Effect on Current City and Township Employees***

In the merger attempts we reviewed, both successful and unsuccessful, job security of Township and municipal employees was a major issue and in some cases a significant obstacle. In successful mergers, employees of both jurisdictions were guaranteed positions in the newly merged community at no reduction in salary and benefits, although not all mergers "rounded up" to the higher salaries and benefits.

### **City and Township Employees**

In the event of a merger, most of the administrative personnel would need to be retained because of their specialized knowledge of each jurisdiction. If duplicated positions are gradually combined or consolidated in the City, Township, and Park District, there would be some workforce reductions. It would also likely be necessary to change responsibilities and retrain existing personnel.

Both jurisdictions have the following similarities:

- written personnel policies that are similar although not identical (see Attachment IV.5)
- classified and unclassified positions
- salary schedules with pay grades and step increases for classified positions (see Attachment IV.6), although they are significantly different

We made an attempt to compare compensation packages for the two jurisdictions, which was difficult for two reasons:

- not all positions are comparable
- the Township has collective bargaining contracts while the City does not

Attachment IV.7 compares the salary range of positions in both jurisdictions that would likely be affected by a merger. We do not include elected officials or positions likely to be eventually combined (administrator/manager, finance director, public works director/manager), although new assistant positions might well be needed. Also not included are positions in units that only exist in one of these jurisdictions: fire, recreation, Benham's Grove, or Yankee Trace. Police are addressed separately. Based on minimum and maximum salary ranges for the positions that are approximately comparable, we find that salaries for City employees are slightly higher than for the Township. Only one City salary range was lower than that of the Township, a part-time position (Community Resources Coordinator) whose equivalent in the Township is full-time. In order to roughly compare the overall salary differences, we calculated the average difference between the minimum and maximum of the salary ranges for the comparable positions. For the minimum, Centerville was on average \$5,312 greater; the average maximum for City ranges is \$9,338 more than for the Township. However, of the current Township employees with positions to City jobs, only two had salaries lower than the City minimum for their equivalent position. In the event of a merger, even if the City's pay grades are used, there might not be a significant expenditure increase for personnel costs. If all personnel were guaranteed no reduction in current salary or benefits, rather than "rounding up," then increased personnel costs would be minimal.

The following are our assumptions concerning personnel changes:

- The two public works departments would be merged, with the eventual elimination of one of the director/manager positions and the possible creation of an assistant/deputy director position. Merging a unionized with a non-union unit might be problematical and would need to be resolved by the Merger Commission and a likely vote of the bargaining unit.
- Management and staff support of the two jurisdictions would merge, with some duplicate positions eliminated or combined and some new positions, particularly in engineering and the tax division.

- Whether the parks and recreation functions are combined in a new department or not, some support functions such as budgeting and accounting, personnel, and public relations could be assumed by the central administration.
- Since the Township Fire Department currently covers both jurisdictions and responsibilities would not change, its personnel would not be affected by a merger.
- The contract with the Sheriff's Department would eventually be phased out as policing in the unincorporated areas of the Township is assumed by a reconstituted City police department.

### **Elected Officials**

In the merger cases we reviewed, current and previous elected officials from both jurisdictions were among the most intense supporters and opponents of a proposed merger. Assuring elected officials that a merger would not end their public service careers helps make motives more transparent and provides continuity in leadership during a period of significant change in both communities. Should a merger between Centerville City and Washington Township proceed, 11 elected officials would be affected:

- Centerville City Mayor
- Six City Council members
- Three Washington Township Trustees
- The Washington Township Fiscal Officer

There is probably no formula for satisfying all current elected officials. Since both jurisdictions rely on a professional administrator/manager, it is logical to assume that, should they merge, the new community would be a council-manager City. The International City-County Management Association does not currently take a position on recommending how a council-manager city should elect its mayor or council. It recognizes that electing the council by wards, at-large, or a combination of these methods is acceptable, and does not recommend an optimal size, although seven appears to be the norm. Nor does the Association recommend whether the mayor should be elected separately or selected by the council.

We noticed in our interviews that both City and Township officials appear to assume that, should the two merge, the newly created city would be similar in structure and name to the current City of Centerville. We wish to stress that this is not necessarily true. The conditions for merger would be set by the elected Merger Commission, which would have to work out compromises satisfactory to both jurisdictions. There have been merger attempts that have failed at least partly because one jurisdiction felt it was conceding too much to the other. We do not wish to predict the outcome of merger conditions in this case, except to say that it would be the result of a lengthy process, as detailed in state law (see Attachment IV.8 for a summary).

### ***Alternatives to a Merger***

Should Centerville City and Washington Township not merge to form one City, there are still instruments legally available to increase cooperation and reduce administrative duplication while continuing to provide services to the citizens. The relationships between a municipality and a township are more complex than between two or more municipalities. While municipalities are legal corporations, even home rule townships are still statutory bodies and thus have fewer powers and less discretion than a municipality has. A further complicating factor is the need to rely on the county for some services, particularly roads, over which the township has little influence. Recognizing these constraints, the following is a list of possible instruments.

**Informal communications**, such as regular meetings between elected and administrative officials of the two jurisdictions, might not necessarily lead to formal agreements, but can reduce tensions if all parties recognize the legitimate interests of their counterparts.

**Interjurisdictional (or joint powers) agreements** are commonly used to share the expenses for a common service or to permit mutual territorial access to personnel from different jurisdictions. These are some possible examples of how they could be applied:

- permit public works employees of both jurisdictions to develop convenient routes for such tasks as snow removal regardless of jurisdictional boundaries
- joint purchases of equipment and supplies
- joint ownership of infrequently used equipment
- backing-up computer systems
- joint publications, such as newsletters, press releases, etc.
- vehicle repair and maintenance

The two jurisdictions already have a number of **jointly funded services** as a consequence of the City continuing as a part of the Township, including fire, recreation, and the senior center. In theory, there are other services which might also be jointly provided, such as police or public works. However, according to our interviews, it would be very unlikely for the City to surrender control over these functions and to accept increased property tax levies to pay for them.

One alternative to a merger proposed during the interviews was that Centerville could **unincorporate** as a City and unify with the Township. The argument was that residents of the current City would benefit by no longer being subject to the income tax and would receive increased services from the county, particularly the County Engineer. There are a number of reasons why this is not a viable alternative.

- First, the dissatisfaction that Township officials have expressed with the Engineer's lack of responsiveness to the Township's capital investment needs offers only a lukewarm endorsement of services the county provides. Further, in Ohio, designating county roads within a township is solely at the discretion of the respective county commissioners. Those not so designated would become Township responsibility (except for state and interstate routes), which could become a crippling expenditures.

- Second, abolishing the City income tax and applying the Township property tax levies for police and roads would increase rather than decrease the tax burden for a majority of the current City residents who do not now pay the City tax. An increased property tax would apply to all residents, including those who have no income, such as retired persons.
- Third, we could not find any provision in the ORC that permits cities to unincorporate. Under state law, cities are treated differently than townships or even villages. Townships have the option of incorporating, in whole or in part, if their population has reached 2,000 and they meet certain other conditions. Incorporating as a village is completely elective, so long as an area meets size, population, density, and property value requirements. A village can unincorporate, or in the words of the ORC "surrender its corporate power," by a majority vote or may be dissolved by the state under specified conditions. A village involuntarily becomes a city upon reaching a population of 5,000. A city can surrender its corporate power and be reduced to a village only if its population drops below this level. These procedures are detailed in the ORC 703.09 to 703.19 for cities and 703.20 to 703.23 for villages.

An opposite alternative would be for the City to **separate from the Township**, which under the ORC can be accomplished by the vote of a simple majority of the city council. In this event, assets and liabilities of jointly financed services (fire, recreation, and possibly the Senior Center) would be apportioned according to tax duplicates, which in this case would be almost 40%. A separated city would have three alternatives in providing these services. It could provide these itself, contract with the Township (or some other jurisdiction) to provide them, or create separate fire and recreation districts with the Township. Currently City property owners pay approximately \$3 million dollars yearly for fire and recreation services, in addition to approximately \$100,000 to finance the Senior Center and almost \$500,000 into the Township general fund. Separating from the Township would eliminate these tax obligations, and if the City provided these services itself or contracted for their provision, they could be financed from the general fund. If the City and Township were to create special fire and recreation districts, these would likely continue to be financed through property taxes.

Two other possible alternatives would be to create either a **Joint Economic Development District (JEDD)** or a **Joint Economic Development Zone (JEDZ)**. Cities and townships may enter into contracts sharing the development costs and the revenues generated by development in designated areas. State law is not restrictive on how costs and revenues are to be shared, so long as the legislative authorities of both jurisdictions agree, as well as electors of the township in the case of a JEDZ. A JEDD may not include an area containing any residents or be zoned residential. In the case of a JEDZ, residents of the zone must approve any income tax levied. In both cases, the governing authority is a board of directors appointed under the terms of the agreement. Provisions governing each of these are contained in ORC 715.69 to 715.90. The City of Centerville has expressed a prior interest in creating a JEDD with Washington Township, but so far there has been no progress.

There are two significant advantages to cooperating on economic development.

- First, designating undeveloped areas as JEDDs or JEDZs would lessen any perceived or actual competition over development between the two jurisdictions.
- Second, this would diversify revenue sources for the Township, so it would not be so dependent on property taxes.

The final and apparently simplest alternative is to maintain the **status quo**. Both jurisdictions are financially sound for the immediate future, so they have some margin for planning their future relationships. However, continuing the status quo has risks for both the City and the Township.

- For the City, growth in the unincorporated areas of the Township will reduce its share of the total population and property tax duplicates, eroding the influence of City voters in Township elections and the City's share of common investments (fire, recreation, senior center).
- Risks to the Township are farther into the future but are still real. New development will eventually cease, either because of exhausting developable land or because of citizen resistance to development. At that point, trustees will be faced with the dilemma of either raising taxes or cutting services. Further, the Township cannot assume that it can rely indefinitely on Montgomery County for subsidized services, given the County's deteriorating financial status and possibly even changes in its political dynamics. More expensive police services and a physical infrastructure that continues to lag behind needs are likely.

### **Conclusions**

This analysis demonstrates that a merger between the City of Centerville and Washington Township is financially feasible, and that a significant majority of the residents of both jurisdictions would benefit financially, although clearly some residents and businesses in the unincorporated areas of the Township would not. Additional income tax revenues, affecting primarily non-residents, would permit the elimination of most earmarked property taxes that residents pay. Revenues would also be sufficient to convert the park district to a city department, if the voters so choose. Continuing it in its present form costs approximately \$65 per year in property taxes for each \$100,000 in valuation. This conclusion should not be interpreted as an endorsement of merger, since there are conceivably many non-financial reasons to both support and oppose a merger.

In the event of a merger, there would be changes in both the level and administration of expenditures and revenues for the new community. The most important expenditure changes would be in the general fund, public works funds, and capital expenditures.

- Some duplicated positions in the City, Township, and (possibly) Park District would eventually be eliminated.
- Responsibility would be added for services currently provided to the Township by ODOT and Montgomery County, particularly by the Engineer and the Sheriff.
- General fund expenditures are estimated to increase by \$15.2 million over current City general fund expenditures as responsibility for financing major

services is shifted from earmarked property taxes to the general fund (recreation, police, fire, and possibly parks).

- Earmarked revenues for financing major services (recreation, police, fire, and possibly parks) would be eliminated.
- General fund expenditures for new positions, particularly in engineering, building inspection, and tax administration would be less than salary savings from eliminating duplicated positions, from increased inspection fees, and from reduced payments for County Auditor and Treasurer fees.
- The greatest expenditure changes would occur for maintenance and capital expenditures for roads and bridges, estimated at \$3.1 million for maintenance and \$2 million annually for capital expenditures. Of these amounts, \$770,000 would be new expenditures for maintenance and \$283,000 new capital expenditures.

Additional revenues in a merged community are estimated to be sufficient to finance these increased expenditure levels.

- Additional general fund revenues are estimated at \$16.5 million from applying the City income tax and general property tax to the unincorporated areas of the Township, as well as from the local government fund.
- These revenues should be sufficient to replace the current levies for the Township fire, police, recreation, and possibly the Park District.
- Additional revenues from shared taxes might not be sufficient to cover additional public works and capital expenditures, requiring a temporary 1.0 mill property levy and approximately \$1.5 million transferred from the general fund.
- The shift from property taxes to income taxes as the main revenue source would also shift much of the cost of financing City services from property owners to the non-residents who are employed in the current Township, although the effect on business investments is uncertain.
- This shift would benefit financially the majority of residents of the Township and all residents of the City.
- A proposed merger can accommodate employees and elected officials of both jurisdictions, if planned carefully.
- There are a number of alternatives to a merger, as discussed.

City services in general are more expensive than those in townships, primarily because cities provide more services. However, these services actually cost residents less in cities, since they are primarily financed by income taxes, paid by non-residents as well as by residents. Townships, on the other hand, finance their services primarily through property taxes, which not only are paid by all property owners but also compete with other services similarly financed.

**Sources:**

See Interviews in Acknowledges and References below

## References

The team had access to a large number of documents, both print and electronic, including the following:

- City of Centerville (many available at the City or State Auditor websites)
  - Budgets, 2001-2007
  - Comprehensive Annual Financial Report (CAFR) for 1999-2006
  - Capital Improvement Programs (CIP) for 2001-2005 through 2007-2011
  - City Charter
  - Tax Ordinance
  - Planning and Zoning Code
  - 2007 Pay Ordinance with Attachments
  - 2007 Pay Ordinance with Attachments, Amended
  - The City of Centerville Personnel Manual, 2007
  - 2007 Annual Information Statement
  - Other miscellaneous financial documents
- Washington Township
  - Budgets, 2005-2007
  - Financial Plan, 2007-2011
  - Annual Report, 2006
  - Comprehensive Annual Financial Report (CAFR) for 1999-2005 (available at the State Auditor website)
  - Revenue Report, Expense Report, Statement of Cash Position, Bank Report, as of Dec. 20, 2006
  - Public Works Department Contract, April 1, 2005-March 31, 2008
  - Firefighters Contract, July 1, 2004-June 30, 2007
  - Fire Alarm Operators Contract, July 1, 2004-June 30, 2007
  - Personnel Documents — grades and pay scales
  - Agreement between the Township and the Montgomery County Sheriff, Jan. 8, 2007, with attachments
  - Washington Township Personnel Policies and Procedures Manual
- Montgomery County
  - Budgets, 2005-2007
  - Comprehensive Annual Financial Report (CAFR) for 1999-2006 (available at the State Auditor website)
  - Annual Report, Montgomery County Sheriff, 2002, 2004 through 2006
  - Annual Review, Montgomery County Engineers Office, 2002-2006
- City of Kettering
  - Budget, 2007
  - 2006 Court Annual Report
  - 2006 Case Count Reports
- Centerville-Washington Park District
  - Comprehensive Annual Financial Report (CAFR) for 1999-2006 (available at the State Auditor website)
  - 2007 Appropriation Budget
- Washington-Centerville Public Library

- Audit for the Years Ended December 31, 2004 and 2003 (available at the State Auditor website)
- Ohio Bureau of Motor Vehicles
  - Statement of Motor Vehicle Registrations, Montgomery County, for 2004, 2005, 2006
- Other Documents
  - Ard, Nichole C., "Municipal Mergers in the State of Ohio," Columbus: School of Public Policy and Management, The Ohio State University, Winter 1995
  - "Create the Vision: Centerville Washington Township Community Plan," June 2004. Three volumes. Available at <http://www.createthevision.org/>.
  - Bartik, Timothy J., *Who Benefits from State and Local Economic Development Policies?* Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1991
  - Mark, Stephen T., Therese J. McGuire, and Leslie E. Papke, "The Influence of Taxes on Employment and Population Growth: Evidence from the Washington, DC Metropolitan Area," *National Tax Journal* 63:1 (March 2000), pp. 105-124
  - Opinion Research Associates, *Citizen Survey 2007*, <http://www.washingtontwp.org/news/08/CitizenSurvey.html>
- Websites Consulted
  - City of Centerville, <http://www.ci.centerville.oh.us/>
  - Washington Township, <http://www.washingtontwp.org/>
  - Create the Vision, <http://www.createthevision.org/>
  - Montgomery County, <http://www.co.montgomery.oh.us/>
  - City of Kettering, <http://www.ketteringoh.org/>
  - State of Ohio, <http://ohio.gov/>
  - U.S. Department of Housing and Urban Development, <http://www.hud.gov/>
  - U.S. Census Bureau, [www.census.gov](http://www.census.gov)
  - Federal Bureau of Investigation, [www.fbi.gov](http://www.fbi.gov)
  - City-Data.com, [www.city-data.com](http://www.city-data.com)
  - Ohio School Boards Association, <http://www.osba-ohio.org/terms.htm>
  - Commission on Accreditation for Law Enforcement Agencies (CALEA®), <http://calea.org/Online/Awards/flagship.htm>

## **Attachment 0.1: Joint Agreement Between Washington Township and the City of Centerville**

### **JOINT AGREEMENT BETWEEN WASHINGTON TOWNSHIP AND THE CITY OF CENTERVILLE RELATING TO FINANCIAL STUDY**

Both the City and the Township commit to jointly fund a complete financial analysis conducted by a neutral independent agent. The purpose of the study is to determine the overall financial impact on the citizens if the two entities merged under the existing provisions of the Ohio Revised Code. In particular, the two entities want to determine what the effect on the existing income tax and property tax rate would be if a combined government continued to provide the existing services to our citizens after a merger.

The independent expert jointly chosen by the governmental entities will determine what data and the methodologies it desires to complete its study using generally accepted accounting standards. Each government agrees to fully cooperate with any request made by the expert to achieve the jointly agreed upon goals. Each government will pay 50% of the fees and expenses incurred by the expert in carrying out the jointly agreed upon tasks. The precise terms of the relationship between the governments and the expert will be set out in a written contract to be negotiated.

In addition, each government has the right to ask the expert to analyze and make findings relating to any other issue the government desires. This extra study will be paid for solely by the government requesting the study and will be included in a separate appendix, which will be attached to the expert's Joint Report. By way of example only, the Township's desire to conduct a pre study analysis of citizen satisfaction of Township services as well as an analysis of governmental combinations which are not presently

permitted under Ohio would be funded solely by the Township and would be included in the separate Township Appendix—not the Joint Report itself.

The two governmental entities agree to move as expeditiously as possible with target dates as follows:

March 1, 2007—selection of expert

August 1, 2007—draft report submitted to both governmental bodies

October 1, 2007—final report submitted to both governmental bodies

Agreed upon this 15<sup>th</sup> day of January 2007:

*This analysis is solely to provide information to the governments and the people - this analysis is not designed to be a step in the merger process - neither government has taken a position supporting merger at this time.*

WASHINGTON TOWNSHIP TRUSTEES



CITY OF CENTERVILLE



## **Attachment II.1: Montgomery County Sheriff's Contributions**

The Montgomery County Sheriff's Office contributes the following at no cost to Washington Township:

- Administrative functions
  - o Accreditation
  - o General Orders
  - o Policies and procedures
  - o Liability insurance
  - o Worker's Compensation
- Personnel functions
  - o Hiring
  - o Promoting
  - o Payroll
  - o Training
  - o Internal investigations
  - o Discipline
  - o Any vacancy is replaced within 30 days with a trained Deputy Sheriff
- Other patrol functions
  - o Special Weapons and Tactics Team
  - o Hostage Negotiations Team
  - o Evidence Technicians
  - o Accident Reconstruction
  - o Commercial Weights Van
  - o Violent Crimes Detectives

The Montgomery County Sheriff's Office/Washington Township Substation participates in county regional dispatch for greatly reduced dispatch costs in comparison with those agencies that have their own dispatch center.

*Source: Captain Dee Osterfeld, Washington Township Substation*

## Attachment II.2: ODOT Letter



OHIO DEPARTMENT OF TRANSPORTATION  
1901 St. Marys Ave., Columbus, OH 43261-1937, 43210 | Fax: (614) 487-9278  
Governor: Ted Strickland | Director: James Beasley, P. E., F. S.  
District Deputy Director: Rex Dickey, P. E., F. S.  
<http://www.dot.state.oh.us/dlst/>

Mr. Hinton

I have assembled an approximate listing of existing state route lane miles with ODOT maintenance within Washington Township. Routes affected are State Route 48, State Route 725 and Interstate Route 675.

SR-48 – Washington Township = 11.15 LM

SR-725 – Washington Township = 11.6 LM

Total lane miles on state routes within Washington Township = 22.75 LM

We have bid histories to reflect a cost of \$65,500 per lane mile for a typical resurfacing project in the current 7 year cycle.

$22.75 \times \$65,500 = \$1,490,125$  (2007 dollars).

Interstate Route 675 would not be included in any type of maintenance obligation agreement due to the fact that it is designated as an Interstate Route within the City and Township.

Other items involving existing ODOT maintenance are traffic signals. Currently there are 12 signalized intersections located in Washington Township on state routes.

Snow and Ice removal requires a yearly budget of \$5,400 for materials only. Washington Township currently maintains SR-48 and SR-725 through the township. All street lights, sidewalks, curb and gutter are maintained by the township.

Any issues involving drainage or mowing will be considered extraneous costs.

I am attaching two maps showing traffic signal locations and also current City / Township / State boundaries according to the 2007 Roadway Description Inventory Report - Destape files used by the department.

Regards,

A handwritten signature in cursive script that reads "Lonnie J. Cain".

Lonnie J. Cain  
937.497.6714

Attachment  
Cc: Matt Parrill  
Ralph Van Kirk



## Attachment II.4: Bridges Under Merged Jurisdiction

### BRIDGES

Attached is a list of bridges in Washington Township and Centerville. The definition of bridges is any bridge that has a span of 10 feet or more and a culvert that is more than 10 feet in diameter.

Upon a merger, the Engineer's Office would retain jurisdiction only of bridges on roads that penetrate the municipal boundary of the merged jurisdictions.

The sufficiency rating of all the bridges are good except for the Rooks Road Bridge. This bridge has a sufficiency rating of 16.1. The design for the replacement bridge is complete. Right-of-way has been acquired. Construction will begin this year.

# Attachment II.5: Centerville Bridges

## City of Centerville

BH-1530  
PAGE

BRIDGE MANAGEMENT SYSTEM  
STRUCTURE FILE NUMBER - BRIDGE LOCATION CROSS-REFERENCE  
DATA IS SEQUENCED BY BRIDGE NUMBER

OWNER-M, DIST-07, CTV-007, FIPS-07, SPN-0, USPEC-0, DM1-E, INT-0

STRUCT. NO.	COU	ROUTE	UNIT NUMBER	FIPS	YEAR BLD	BRG NO.	MAX RAMP	O/A	FT BRSP	SUFF	DATE GEN	FEATURE	INTERRUPTED
											INSP	CODE	
5768063	MOT	15 HOVBR	1	CTV 0047	13190 67/	4	395 1	13	100 4	3	72.8*SD	052306 4A	OVERBROOK RD OV STREAM
5768128	MOT	15 HYARR	1	CTV 0084	13190 96/	6	171 1	12	150 4	4	100 0	052406 9A	YANKER TRACE TRIP HOLPS
5768136	MOT	15 HYARR	1	CTV 0211	13190 98/	6	195 1	12	150 4	4	100 0	052406 9A	YANKER TRACE TRIP HOLPS
5768055	MOT	15 H0083	1	CTV 0482	13190 79/	5	195 1	25	28 120	4	69.1*	052406 5A	CLAY RD OV SUGAR CREEK
5768098	MOT	15 H0166	1	CTV 0074	13190 94/	7	171 1	12	150 4	3	99.4	052406 8A	SOCIAL BGM TRIB HOLPS C
5768087	MOT	15 H0175	1	CTV 0155	13190 96/	7	171 1	14	150 4	3	98.4	052406 9A	YANKER STREET OV STREAM
5768039	MOT	15 H0166	1	CTV 0377	13190 78/	5	395 1	14	150 4	4	98.0*	052406 7A	BIGGER RD OV SUGAR CRK
5768144	MOT	15 H0166	1	CTV 0026	13190 72/	6	311 1	20	22 150	4	100 0	052406 7A	HANSHIA JEANNE WAY OV ST
5768101	MOT	15 H007W	1	CTV 0033	13190 00/	6	195 3	32	34 150	4	100 0*	052406 9A	OL GEORGIN WAY TRIB HOL

### Inspection (I) and Maintenance (M) Responsibility Legend

- "3" Denotes County Responsibility
- "4" Denotes City Responsibility

County will inspect any bridge that it is required maintain.

Bridges on Township roads are the County's responsibility to inspect and maintain.

County will inspect city maintained bridges if established by formal agreement.  
(Five City of Centerville maintained bridges are inspected by such an agreement)

## Attachment II.6: Montgomery County Engineer Revenues & Expenditures

The revenues and expenditures of the Montgomery County Engineer from the adopted 2007 budget projected through 2011 (including reimbursements but excluding those from the general fund and from state and federal grants) are provided in Attachment II.7. Estimating the Washington Township's share of the Engineer's expenditures is done by utilizing ratios in the three divisions. The roads division expenditures are the ratio of their budget multiplied by the percentage of county maintained road miles in the Township. The bridge division's expenditures is the ratio of the number of bridges in the Township and City that would be transferred to the new City to the total number of bridges maintained by the County. Expenditures in the third division, engineering, are not available, even these rough approximations. Although the Township consumes a disproportionate share of the plat activity of this division, it has far more additional engineering responsibilities. Therefore, we will use the ratio in road miles to estimate the Township's share of engineering expenditures.

### Engineering Division:

Road and Gas Fund:	\$4,975,609
General Fund	<u>\$ 463,358</u>
TOTAL	\$5,438,967

Estimated Township share (8%)	\$435,000
-------------------------------	-----------

### Roads Division: Road and Gas Fund:

Salaries, fringes, & operating:	\$5,568,348
Capital:	<u>\$3,015,913</u>
TOTAL	\$8,584,261

### Estimated Township share (8%)

Salaries, fringes, & operating:	\$445,470	
Capital:	<u>\$241,275</u>	
TOTAL		\$687,000

### Bridge Division: Road and Gas Fund:

Salaries & fringes:	\$1,236,020
Operating & capital*:	<u>\$1,975,000</u>
TOTAL	\$3,211,920

Estimated annual cost of Township bridges (26) to be transferred to the new city (of 554 total, 4.7%)

Salaries & fringes:	\$58,000	
Operating & capital*:	<u>\$92,700</u>	
TOTAL		\$150,700

TOTAL estimated Township share of County Engineer expenditures

\$1,272,700

We emphasize that these estimates are little more than educated guesses. First, they are based on centerline miles rather than lane miles, which would be far more accurate. Also, centerline mile measurements do not distinguish whether roads are entirely within a single jurisdiction or split between two or more jurisdictions. Secondly, even if we had complete confidence in the accuracy of our calculations, they do not necessarily reflect future capital investment needs of Township roads. Both Township and City officials indicated in interviews that the roads of the area were inadequate to meet the growing traffic demands of the Township. And there is a particular need to widen a number of roads and add controlled intersections.

\*Note: planned one-year operating and capital expenditures for the bridge division cannot be determined, because they vary widely over this five-year period, although salaries and total expenditures are relatively stable. Over this period, the ratio is approximately 55/45% operating/capital.

## Attachment II.7: Montgomery County Engineer – Road, Auto & Gas Fund

### B. MONTGOMERY COUNTY ENGINEER - ROAD AUTO & GAS FUND FIVE - YEAR FINANCIAL PROJECTION 2007 - 2011



	2007 Adopted	2008 Projected	2009 Projected	2010 Projected	2011 Projected
<b>Beginning Cash Balance</b>	\$ 3,750,633	\$ 2,779,743	\$ 2,724,597	\$ 2,747,842	\$ 2,996,471
<b>Revenues</b>					
Motor Vehicle Tax - Permissive	\$ 4,100,000	\$ 4,300,000	\$ 4,400,000	\$ 4,500,000	\$ 4,600,000
Motor Vehicle Fuel Tax	2,200,000	2,100,000	2,200,000	2,300,000	2,400,000
Motor Vehicle License Tax	7,705,000	7,750,000	8,000,000	8,250,000	8,500,000
Plat and Site Fees	195,000	200,000	205,000	210,000	215,000
Fines-Highway Cases-Road Auto & Gas	275,000	300,000	325,000	350,000	375,000
Investment Income Distribution	436,000	500,000	525,000	550,000	575,000
Gas Tax Refunds	3,000	5,000	5,000	5,000	5,000
Reimbursement	756,000	1,100,000	835,000	570,000	305,000
Insurance Reimbursement for Damages	5,000	5,000	5,000	5,000	5,000
Fixed Asset Sales	25,000	10,000	15,000	20,000	25,000
Transfers	100,000	100,000	100,000	100,000	100,000
<b>Total Revenues</b>	<b>\$15,800,000</b>	<b>\$16,370,000</b>	<b>\$16,615,000</b>	<b>\$16,860,000</b>	<b>\$17,105,000</b>
<b>Expenditures</b>					
<b>Engineering Division</b>					
Salaries	\$ 2,966,075	\$3,055,057	\$ 3,146,709	\$ 3,241,110	\$ 3,338,343
Fringe Benefits	1,110,683	1,171,771	1,236,218	1,304,210	1,375,941
Operating Expenses	894,851	903,800	912,838	921,966	931,186
Capital Outlays	2,000	10,000	11,000	12,000	13,000
Debt Service	2,000	3,000	3,000	3,000	3,000
<b>Total Engineering</b>	<b>\$ 4,975,609</b>	<b>\$ 5,143,627</b>	<b>\$ 5,309,764</b>	<b>\$ 5,482,286</b>	<b>\$ 5,661,470</b>
<b>Roads Division</b>					
Salaries	\$ 2,006,014	\$ 2,066,194	\$ 2,128,180	\$ 2,192,026	\$ 2,257,786
Fringe Benefits	665,153	705,062	747,366	792,208	839,740
Operating Expenses	2,897,181	2,429,024	2,225,014	2,161,164	1,827,476
Capital Outlays	3,015,913	2,440,000	2,440,000	2,440,000	2,640,000
<b>Total Roads</b>	<b>\$ 8,584,261</b>	<b>\$ 7,640,281</b>	<b>\$ 7,540,560</b>	<b>\$ 7,585,398</b>	<b>\$ 7,565,003</b>
<b>Bridge Division</b>					
Salaries	\$ 923,760	\$ 951,473	\$ 980,017	\$ 1,009,417	\$ 1,039,700
Fringe Benefits	312,260	330,996	350,855	371,907	394,221
Operating Expenses	1,925,000	1,612,770	680,558	1,314,864	339,188
Capital Outlays	50,000	746,000	1,730,000	847,500	1,725,000
<b>Total Bridges</b>	<b>\$ 3,211,020</b>	<b>\$ 3,641,238</b>	<b>\$ 3,741,430</b>	<b>\$ 3,543,688</b>	<b>\$ 3,498,109</b>
<b>Total Expenditures</b>	<b>\$16,770,890</b>	<b>\$16,425,146</b>	<b>\$16,591,755</b>	<b>\$16,611,371</b>	<b>\$16,724,582</b>
<b>Revenue Over/(Under) Expenditures</b>	<b>\$ (970,890)</b>	<b>\$ (55,146)</b>	<b>\$ 23,245</b>	<b>\$ 248,629</b>	<b>\$ 380,418</b>
<b>Projected Ending Cash Balance</b>	<b>\$ 2,779,743</b>	<b>\$ 2,724,597</b>	<b>\$ 2,747,842</b>	<b>\$ 2,996,471</b>	<b>\$ 3,376,889</b>

## **Attachment III.1: Centerville/Washington Township Earnings Tax Revenue Estimates Summary**

(Note: the original document for this attachment was prepared by the Center for Urban & Public Affairs at Wright State University.)

### ***Introduction***

This report was prepared for the City of Centerville and Washington Township by the Center for Urban & Public Affairs at Wright State University. This study's purpose is to examine the status of industry in Centerville and Washington Township, measured in terms of sales, employment, and payroll and use this information to estimate earnings tax revenues for a merged Centerville/Washington Township municipality. The study provides information on employment and payroll for the first quarter of 2005. Policy makers regard employment and earnings as important indicators of the economic health of a region. Total earnings can serve as a proxy for the standard of living in a region and form the basis for estimating earnings tax revenues generated by employees. This study also includes aggregated data of business listings in its analysis obtained through PowerFinder, Government and Public Agency Edition, 2006 2<sup>nd</sup> Edition as a proxy to establish the accuracy of the ES202 data, generated by the state of Ohio.

This report provides answers to questions such as: *How much estimated earnings tax revenue could be collected from residents if a merger were to happen? What revenues would be generated if all employees in the merged jurisdiction were to pay the earnings tax? How do these estimates compare to similar jurisdictions?* In particular, this study finds in 2005:

- The City of Centerville and Washington Township were home to approximately 52,628 residents.
- The City of Centerville and Washington Township businesses employed nearly 21,000 individuals.
- The City of Centerville and Washington Township businesses paid an estimated annual payroll of \$663 million.
- In a merged community, a total of approximately \$23.6 million would be generated from the Centerville 1.75% earnings tax, an estimated additional \$13.2 million.

## **Data and Methodology**

### **ES202**

This study utilizes the database of employment and payroll estimates, which is based on ES202 quarterly data. The ES202 database is an administrative database created by each state, under federal mandate, for tax collection purposes. Nearly all employers with paid employees are required to file unemployment reports. Cleveland State University, on behalf of the Ohio ES202 Network, receives the data on a quarterly basis from the Ohio Department of Job and Family Services, Bureau of Employment Services. Unlike other databases, which contain only aggregate information, the ES202 database is unique in providing records of individual companies with information on location, employment, payroll, and industry classification. Using this rich and detailed database, the Network supports research and technical assistance projects throughout the state, both for individual regions and collaborative multi-regional projects.

In an effort to improve the quality of the ES202 data, the Network developed estimates at the zip code level based on individual records reported in the statewide database. Data are available from the first quarter of 1993 through the second quarter of 2006. Data on employment, payroll, and number of establishments was aggregated for Washington Township and the City of Centerville.

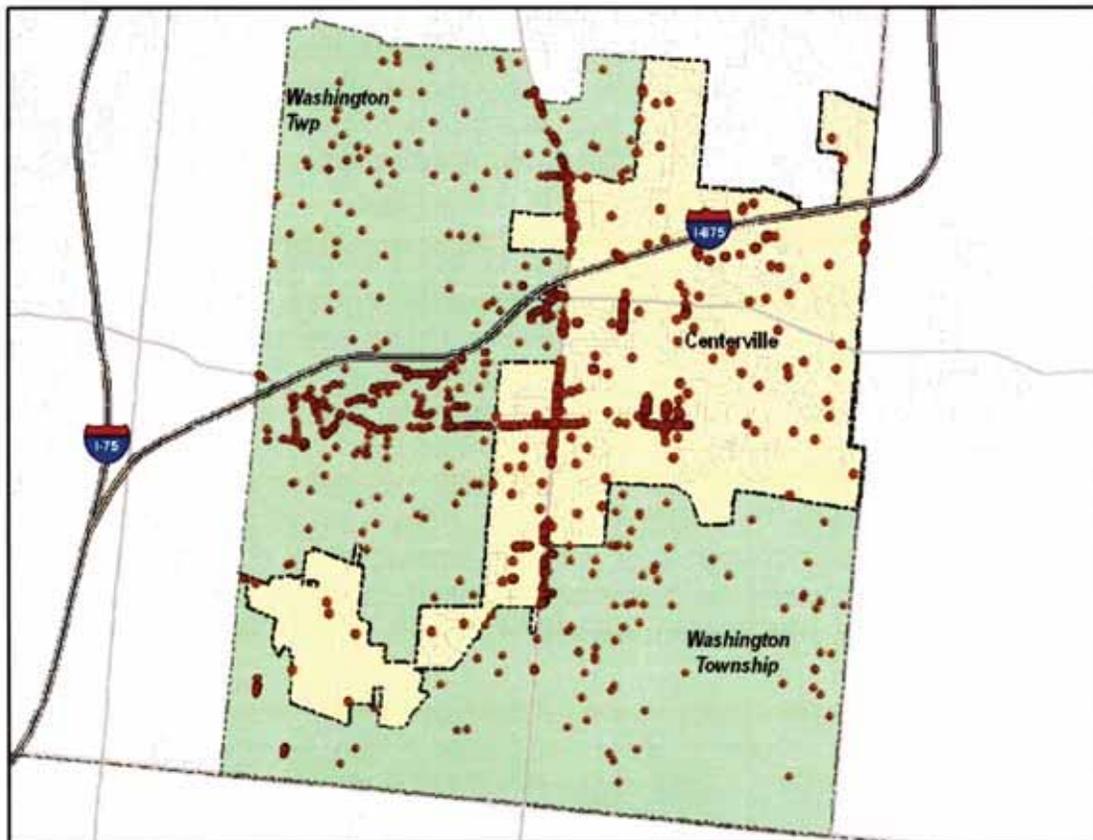
The ES202 records on individual companies are confidential and cannot be released. Analysis using the estimates or aggregation of individual records requires by law a confidentiality check, which assures that individual companies' information cannot be revealed by the analysis. Each of the regional data sets underwent a confidentiality check. Data cannot be released for an industry with fewer than three firms or when one firm accounts for 80 percent or more of total employment or payroll in a specific geography. Where data release was restricted at the four-digit level, researchers had the option to aggregate two or more four-digit industries or to analyze the industry at the two or three-digit level. In some cases, data are suppressed.

### **Data Limitations**

Two important caveats in the ES202 data should be noted. First, the ES202 database consists of only those establishments that are subject to state unemployment insurance laws. This includes establishments with paid employees, but does not include sole proprietorships or those working for family businesses without pay. As a result, the database produces a lower count of establishments than other databases. Specifically, the ES202 database identified 1,536 business establishments of the 2,747 total and unique numbers of establishments identified by all data sources used for this analysis. In addition, establishments in the ES202 database are assigned to a single six-digit North American Industry Classification System (NAICS) category, while other

databases may assign multiple NAICS codes or SICs or use different criteria to assign NAICS Codes. These facts may also contribute to the ES202 database producing a lower count of establishments and employees in specific NAICS categories when compared to other data sources.

Second, the database does not distinguish between full-time and part-time employees. Comparison of employment among industries may be distorted when there is a greater proportion of part-time workers in some industries than in others. Further, industries with greater proportions of part-time workers will have a lower average payroll per employee, because total payroll is distributed among more employees. According to national data from the Bureau of Labor Statistics, the sectors with the highest proportions of part-time employees are Retail Trade, where 35% of the workforce is part-time, and Services, where part-time employees account for 23% of total employment. However, it should be emphasized that many well-known and widely used employment and payroll databases suffer from this limitation.



**Figure 1: Map of Businesses Listed in the ES202**

To summarize, all industries, defined by six-digit NAICS codes in Washington Township and Centerville, employed an estimated 21,000 people with a total estimated annual payroll of nearly \$663 million. In Centerville/Washington

Township, 1,536 establishments are listed in the ES202 database and are classified by the following NAICS divisions:

Merged Jurisdiction North American Industry Classification Division	Establishments	Employees/Wage Totals	
		Employee Totals	2005 Estimated Wage Totals <sup>1</sup>
Agriculture, Forestry, and Fishing	3	Data have been suppressed	
Utilities	1	Data have been suppressed	
Construction	96	809	\$26,473,004
Manufacturing	50	756	\$29,144,188
Wholesale Trade	123	1,226	\$55,060,040
Retail Trade	199	3,107	\$75,902,192
Transportation and Warehousing	5	Data have been suppressed	
Information	22	143	\$8,157,476
Finance and Insurance	163	1,595	\$80,159,484
Real Estate and Rental and Leasing	77	493	\$15,771,816
Professional, Scientific, and Technical Services	259	1,700	\$77,117,164
Management of Companies and Enterprises	7	155	\$9,545,996
Administrative Support, Waste Management and Remediation Services	76	830	\$18,899,848
Educational Services	33	1,303	\$51,555,068
Health Care and Social Assistance	197	3,909	\$129,999,928
Arts, Entertainment, and Recreation	15	228	\$6,132,232
Accommodation and Food Services	99	2,649	\$31,055,312
Other Services (except Public Administration)	108	1,167	\$26,544,280
Public Administration	3	486	\$12,368,700
<b>Total</b>	<b>1,536</b>	<b>20,946</b>	<b>\$663,000,084</b>

Figure 2: Study Area ES202 Businesses by Division

However, when examined geographically and extracting the data for those businesses in Washington Township while excluding the businesses within the city limits of Centerville, we find that 991 establishments employ an estimated 13,000 people with a total estimated annual payroll at nearly \$431 million. In Washington Township, the 991 establishments listed in the ES202 database are classified by the following NAICS divisions:

<sup>1</sup> Estimated from 2005 Quarter 1 Wage Totals.

Washington Township Establishments by North American Industry Classification Division	Employees/Wage Totals		
	Establishments	Employee Totals	2005 Estimated Wage Totals <sup>1</sup>
Agriculture, Forestry, and Fishing	2	Data have been suppressed	
Utilities	0	Data have been suppressed	
Construction	54	340	\$11,297,116
Manufacturing	26	464	\$17,577,568
Wholesale Trade	85	853	\$42,133,960
Retail Trade	102	1,808	\$41,635,696
Transportation and Warehousing	4	Data have been suppressed	
Information	16	143	\$8,157,476
Finance and Insurance	104	670	\$41,390,924
Real Estate and Rental and Leasing	50	345	\$10,803,612
Professional, Scientific, and Technical Services	187	1,264	\$61,057,628
Management of Companies and Enterprises	7	155	\$9,545,996
Administrative Support, Waste Management and Remediation Services	50	493	\$12,694,964
Educational Services	19	518	\$19,294,712
Health Care and Social Assistance	141	2,938	\$103,963,472
Arts, Entertainment, and Recreation	10	228	\$6,132,232
Accommodation and Food Services	65	1,777	\$21,464,360
Other Services (except Public Administration)	67	849	\$17,130,484
Public Administration	2	359	\$5,989,268
<b>Total</b>	<b>991</b>	<b>13,229</b>	<b>\$430,905,884</b>

Figure 3: Washington Township ES202 Businesses by Division

In Centerville, employment is estimated at 7,700 people with a total estimated annual payroll of approximately \$232 million. In Centerville, 545 establishments are listed in the ES202 database and are classified by the following NAICS divisions:

City of Centerville Establishments by North American Industry Classification Division	Establishments	Employees/Wage Totals	
		Employee Totals	2005 Estimated Wage Totals <sup>2</sup>
Agriculture, Forestry, and Fishing	1	Data have been suppressed	
Utilities	1	Data have been suppressed	
Construction	42	469	\$15,175,888
Manufacturing	24	292	\$11,566,620
Wholesale Trade	38	373	\$12,926,080
Retail Trade	97	1,299	\$34,266,496
Transportation and Warehousing	1	Data have been suppressed	
Information	6	Data have been suppressed	

<sup>1</sup> Estimated from 2005 Quarter 1 Wage Totals.

<sup>2</sup> Estimated from 2005 Quarter 1 Wage Totals.

City of Centerville Establishments by North American Industry Classification Division	Establishments	Employees/Wage Totals	
		Employee Totals	2005 Estimated Wage Totals <sup>2</sup>
Finance and Insurance	59	925	\$38,768,560
Real Estate and Rental and Leasing	27	148	\$4,968,204
Professional, Scientific, and Technical Services	72	436	\$16,059,536
Administrative Support, Waste Management and Remediation Services	26	337	\$6,204,884
Educational Services	14	785	\$32,260,356
Health Care and Social Assistance	56	971	\$26,036,456
Arts, Entertainment, and Recreation	5	Data have been suppressed	
Accommodation and Food Services	34	872	\$9,590,952
Other Services (except Public Administration)	41	318	\$9,413,796
Public Administration	1	127	\$6,379,432
<b>Total</b>	<b>545</b>	<b>7,717</b>	<b>\$232,094,200</b>

Figure 4: City of Centerville ES202 Businesses by Division

### ***Business Directory Listings***

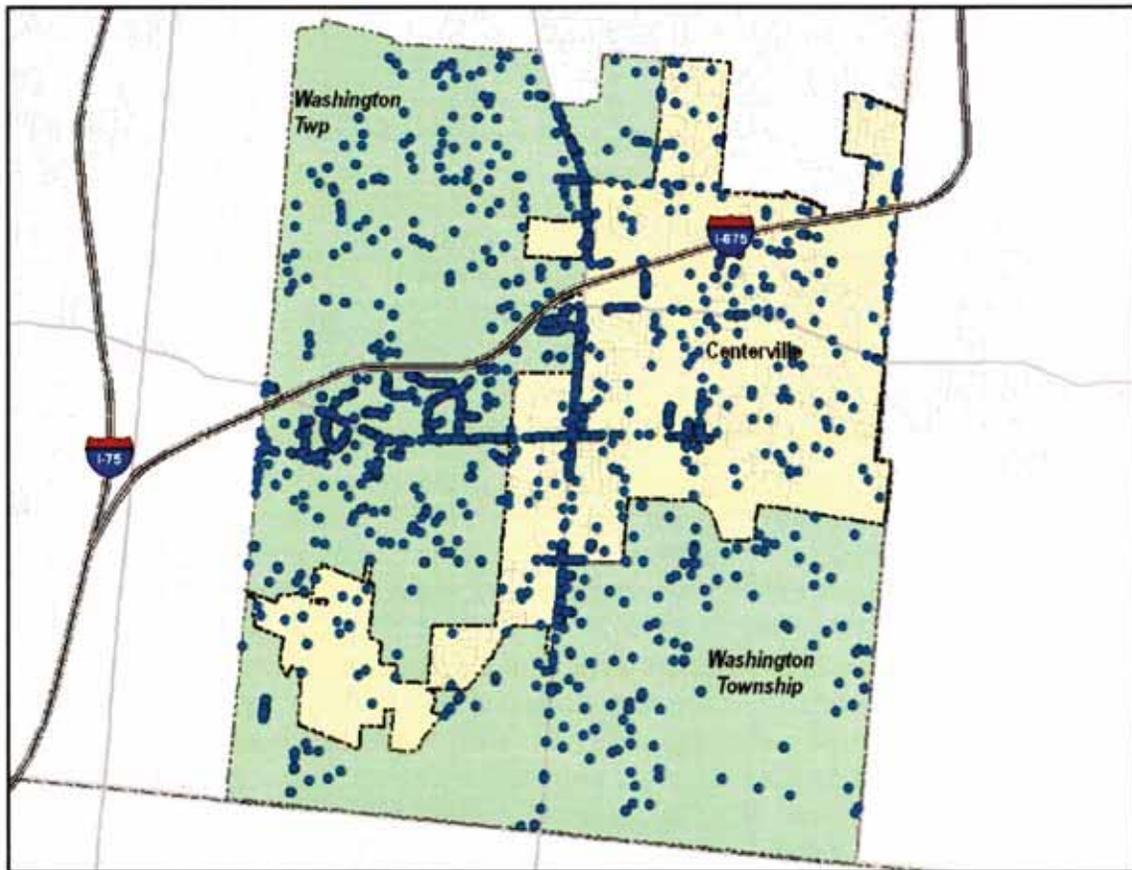
This study also utilizes the PowerFinder, Government and Public Agency Edition, 2006 2<sup>nd</sup> Edition database of records of individual companies with information on location, employment, sales, and six-digit SIC industry classification, which is based on Yellow and Business White Page telephone directories; annual reports, 10-K's and other SEC information; federal, state, and municipal government data; Chamber of Commerce information; various business publications; and postal service information. The PowerFinder database is a comprehensive database created by *infoUSA* using the above public sources to provide the business community with pertinent business and consumer information. PowerFinder information is continuously updated from new directories and verified on a yearly basis. Businesses with 100 plus employees are verified semi-annually. Data on employment, sales, and number of establishments was aggregated for Centerville and Washington Township.

### **Data Limitations**

One important drawback to the PowerFinder data should be noted. The PowerFinder database, although verified on a yearly and in some cases semi-annual basis, does have a degree of error. Due to high turnover in some industries, it is common to have a 5-10% error rate of undeliverable or "out of business" names. Another important drawback to the PowerFinder data is that employee and sales data are reported in ranges rather than by individual count. The database also does not distinguish between full-time and part-time employees.

Another drawback to the PowerFinder database is that duplicate entries exist for many businesses, requiring extensive cleaning to remove duplicate records. For

example, 23.7% of the *Division I: Services* establishments listed or 366 entries were duplicated in the database. Most of the duplicate entries in this division are Medical Practices and the physicians associated with these practices. Similar patterns can also be observed in other SIC Divisions — the *Division H: Finance, Insurance, and Real Estate* (Professional Offices and the associated agents – 20.0% or 110 duplicated entries) and *Division A: Agriculture, Forestry, and Fishing* Divisions (Veterinary Practices and the associated veterinarians – 18.8% or twelve duplicated entries).



**Figure 5: Map of Businesses Listed in the PowerFinder Database**

**To summarize**, most industries in Centerville/Washington Township, 95.0% (2,610) of the 2,747 listed, are smaller firms employing 1-49 people (see Figure 6). Another 55 firms employ 50-99 individuals; one firm employs 100-249 people, and seven firms employ 250 or more individuals. Yearly sales volume indicates that 168 establishments report sales volumes in excess of \$5 million (see Figure 7). In the City of Centerville and Washington Township, 2,747 establishments are listed and are classified by the Standard Industrial Classification divisions as presented in Figures 6 and 7.

Standard Industrial Classification Division	Employees						Total
	1 to 49	50 to 99	100 to 249	250 to 499	Over 500	Unknown	
Division A: Agriculture, Forestry, and Fishing	48	0	0	0	0	0	48
Division B: Mining	1	0	0	0	0	0	1
Division C: Construction	219	0	0	0	0	0	219
Division D: Manufacturing	93	2	1	0	1	0	97
Division E: Transportation, Communications, Electric, Gas, and Sanitary Services	55	0	1	0	0	0	56
Division F: Wholesale Trade	168	2	2	0	0	1	173
Division G: Retail Trade	445	21	11	1	0	0	478
Division H: Finance, Insurance, and Real Estate	434	3	3	0	0	0	440
Division I: Services	1,132	26	15	2	3	1	1,179
Division J: Public Administration	5	1	1	0	0	2	9
Nonclassifiable Establishments	6	0	0	0	0	37	43
<b>Total</b>	<b>2,606</b>	<b>55</b>	<b>34</b>	<b>3</b>	<b>4</b>	<b>41</b>	<b>2,747</b>

Figure 6: Estimated Employees (PowerFinder Business Listings)

Standard Industrial Classification Division	Sales Volume							Total
	Less than \$5 million	\$5 to 10 million	\$10 to 20 million	\$20 to 50 million	\$50 to 100 million	Over \$100 million	Not Specified	
Division A: Agriculture, Forestry, and Fishing	52	0	0	0	0	0	0	52
Division B: Mining	1	0	0	0	0	0	0	1
Division C: Construction	216	2	1	0	0	0	0	219
Division D: Manufacturing	86	5	3	2	0	1	0	97
Division E: Transportation, Communications, Electric, Gas, and Sanitary Services	47	3	5	1	0	0	0	56
Division F: Wholesale Trade	137	20	8	6	2	0	0	173
Division G: Retail Trade	430	26	7	7	7	1	0	478
Division H: Finance, Insurance, and Real Estate	400	11	7	0	0	0	22	440
Division I: Services	1,013	30	8	4	0	1	123	1,179
Division J: Public Administration	0	0	0	0	0	0	9	9
Nonclassifiable Establishments	0	0	0	0	0	0	43	43
<b>Total</b>	<b>2,382</b>	<b>97</b>	<b>39</b>	<b>20</b>	<b>9</b>	<b>3</b>	<b>197</b>	<b>2,747</b>

Figure 7: Estimated Sales (PowerFinder Business Listings)

### The Combined Methods

Why use two methods? It was necessary to combine the two methods to paint a more accurate picture of Centerville and Washington Township businesses and because the two listings complement each other well. The ES202 databases provides more detail than the PowerFinder database does, but the PowerFinder database includes a more establishments.

More specifically, we found 2,747 companies in the PowerFinder listing, and only 1,536 companies in the ES202 database, a little over half. The difference in the number of companies primarily stems from the fact, as stated above, that the ES202 database does not include sole proprietorships and the establishment's physical address may not be the address from which the unemployment records are filed. The PowerFinder listing presented sole proprietorships, in such sectors as tree service and landscaping and specialty services. It is also important to note

### Attachment IV.2: Interview Table

Questions	Responses of Centerville City Residents	Responses of Residents in the Unincorporated areas of Washington Township
<p>Do you see any <b>advantages</b> to a merger?</p> <p>To the broader community, Business the City or Township, to self</p>	<p>Six (6) residents claimed that reducing duplication was the most important advantage.</p> <p>Four (4) residents claimed reducing taxes was next in importance.</p> <p>Other areas:</p> <ul style="list-style-type: none"> <li>• zoning-land use coordination (2)</li> <li>• a better community (2)</li> <li>• Possible economies (2)</li> <li>• Clarify boundaries (1)</li> <li>• Give Township home-rule (1)</li> </ul>	<p>Four (4) residents claimed that the elimination of costs, providing savings for citizens and government and reducing duplication were the most important advantages.</p> <p>Three (3) resident see no advantages.</p> <p>Three (3) believe there is still not enough information to make a choice</p> <p>Other areas:</p> <ul style="list-style-type: none"> <li>• clearer boundaries (1)</li> <li>• clearer regulations (1)</li> <li>• working together – unity (1)</li> <li>• City's economic situation will become enhanced (1)</li> </ul>
<p>Do you see any <b>disadvantages</b> to a merger?</p> <p>To the broader community, Business the City or Township, to self</p>	<p>Six (6) residents saw no disadvantages.</p> <p>Three (3) residents believed that Township businesses/citizens who now avoid the income tax would see it as a disadvantage.</p> <p>Other areas:</p> <ul style="list-style-type: none"> <li>• Loss of jobs when duplications are eliminated (1)</li> <li>• Police and trash services (1)</li> </ul>	<p>Four (4) residents believed there are no disadvantages to the broader community or to themselves.</p> <p>Three (3) residents believed the income tax is a disadvantage.</p> <p>Other areas:</p> <ul style="list-style-type: none"> <li>• Zoning adjustments (2)</li> <li>• Businesses will leave (1)</li> <li>• Less accessible government (1)</li> <li>• Layers of City ordinances (1)</li> <li>• Township already efficient (1)</li> <li>• Less police protection (1)</li> <li>• Centerville has a financial problem (1)</li> <li>• Lower property values (1)</li> <li>• Income tax for business owners (1)</li> </ul>
<p>What differences do you feel that a merger would have in the following:</p>		
<p>Greater or lesser government efficiency</p>	<p>Greater: (7) Lesser: (0) No change: (0)</p>	<p>Greater: (3) Lesser: (3) No change: (1)</p>

For example,

- City residents
- Township residents
- Business people
- Homeowners
- Retired persons

5. Are there any services of your jurisdiction that might be better or worse if the two were to merge into one City?
6. Could we please ask you how long you have lived in the (Township/City)?
7. What do you like best about living in the (Township/City)?
8. If you could change something about the community, what would it be?
9. Do you have any questions for me?

## Attachment IV.1: Interview Questions Concerning Merger For Community Members

[For interviewer: All members have agreed to be interviewed and will be expecting your call. In most cases we have multiple phone numbers but no indication which is preferred. Follow this format:]

Hello, my name is \_\_\_\_\_ and I am calling on behalf of the merger study being conducted by The University of Toledo and by Wright State University. Is this a convenient time to talk or would you prefer that I call back at another time/number?

(If later, make a note and call then)

(When you start the interview)

The object of this interview is to find out what concerned citizens of (Washington Township/Centerville City) see as the advantages or disadvantages of a merger between the Township and the City. We are happy you have agreed to talk to us, so that the final report can reflect the views of both officials and citizens.

Even though you have volunteered, we will keep your name anonymous and your views confidential. Any references to your comments in the report will not identify you as the source.

1. Do you see any advantages to a merger between the City and the Township  
to the broader community?  
to the business community?  
to the City/Township?  
to yourself?
2. Do you see any disadvantages to a merger between the City and the Township  
to the broader community?  
to the business community?  
to the City/Township?  
to yourself?
3. In your opinion, what groups in the community are in favor of a merger?  
For example,
  - City residents
  - Township residents
  - Business people
  - Homeowners
  - Retired persons
4. In your opinion, what groups in the community oppose a merger?

### **Citizen Participation**

A grantee must develop and follow a detailed plan which provides for, and encourages, citizen participation and which emphasizes participation by persons of low- or moderate-income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must:

- provide citizens with reasonable and timely access to local meetings, information, and records related to the grantee's proposed and actual use of funds;
- provide for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance;
- provide for timely written answers to written complaints and grievances; and
- identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

\*Source: edited from

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm#eligiblegrantees>

- rehabilitation of residential and non-residential structures;
- construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- public services, within certain limits;
- activities relating to energy conservation and renewable energy resources; and
- provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

### **Ineligible Activities**

Generally, the following types of activities are ineligible:

- acquisition, construction, or reconstruction of buildings for the general conduct of government;
- political activities;
- certain income payments; and
- construction of new housing by units of general local government.

### **Requirements**

To receive its annual CDBG entitlement grant, a grantee must develop and submit to HUD its Consolidated Plan (which is a jurisdiction's comprehensive planning document) and application for funding under the following Community Planning and Development formula grant programs: CDBG, HOME Investment Partnerships, Housing Opportunities for Persons with AIDS (HCPWA), and Emergency Shelter Grants (ESG). In its Consolidated Plan, the jurisdiction must identify its goals for these programs as well as for housing programs. The goals will serve as the criteria against which HUD will evaluate a jurisdiction's Plan and its performance under the Plan. Also, the Consolidated Plan must include several required certifications, including that not less than 70% of the CDBG funds received, over a one, two or three year period specified by the grantee, will be used for activities that benefit low- and moderate-income persons, and that the grantee will affirmatively further fair housing. HUD will not approve a Consolidated Plan submission if the Plan (or a portion of it) is inconsistent with the purposes of the National Affordable Housing Act or is substantially incomplete.

Following approval, the Department will make a full grant award unless the Secretary has made a determination that the grantee:

- has failed to carry out its CDBG-assisted activities in a timely manner;
- has failed to carry out those activities and its certifications in accordance with the requirements and the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended, and with other applicable laws; or
- lacks a continuing capacity to carry out its CDBG-assisted activities in a timely manner.

## **Attachment III.3: Community Development Block Grant Entitlement Communities Grants**

### **Department of Housing and Urban Development (HUD)\***

#### **Introduction**

The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

#### **Nature of Program**

HUD awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services.

Entitlement communities develop their own programs and funding priorities. However, grantees must give maximum feasible priority to activities which benefit low- and moderate-income persons. A grantee may also carry out activities which aid in the prevention or elimination of slums or blight. Additionally, grantees may fund activities when the grantee certifies that the activities meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. CDBG funds may not be used for activities which do not meet these broad national objectives.

#### **Eligible Grantees**

Eligible grantees are as follows:

- principal cities of Metropolitan Statistical Areas (MSAs);
- other metropolitan cities with populations of at least 50,000; and
- qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants.
- HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

#### **Eligible Activities**

CDBG funds may be used for activities which include, but are not limited to:

- acquisition of real property;
- relocation and demolition;

## Attachment III.2: HUD Ohio Grants

Department of Housing and Urban Development  
Office of Community Planning and Development  
OH-FY07 Allocations

KEY	CNSRT	STA	NAME	CDBG FY2007	HOME FY2007	ADDI FY2007	ESG FY2007	HOPWA FY2007
390042		OH	AKRON	6,984,186	1,815,472	31,024	301,380	0
390066		OH	ALLIANCE	707,476	0	0	0	0
390294		OH	BARBERTON	765,841	0	0	0	0
390600		OH	BOWLING GREEN	312,118	0	0	0	0
390858		OH	CANTON	2,960,773	692,545	0	127,888	0
391062		OH	CINCINNATI	13,414,859	3,942,313	76,743	592,604	530,000
391104		OH	CLEVELAND	24,527,891	6,268,729	87,056	1,059,397	840,000
391110		OH	CLEVELAND HEIGHTS	1,778,281	0	0	0	0
391176		OH	COLUMBUS	6,609,044	4,870,715	111,977	286,322	608,000
391320		OH	CUYAHOGA FALLS	721,032	0	0	0	0
391362	39C964	OH	DAYTON	6,491,820	1,806,375	33,426	280,414	0
391500		OH	EAST CLEVELAND	1,143,109	455,789	0	0	0
391602		OH	ELYRIA	677,312	0	0	0	0
391626		OH	EUCLID	1,066,164	0	0	0	0
391638		OH	FAIRBORN	269,674	0	0	0	0
392118		OH	HAMILTON CITY	1,519,928	436,821	0	0	0
392508		OH	KENT	310,449	0	0	0	0
392526		OH	KETTERING	549,120	0	0	0	0
392628		OH	LAKEWOOD	2,242,046	0	0	96,447	0
392634		OH	LANCASTER	579,257	0	0	0	0
392730		OH	LIMA	1,262,747	388,645	0	0	0
392820		OH	LORAIN	1,265,835	482,466	0	0	0
393012		OH	MANSFIELD	989,071	367,168	0	0	0
393054		OH	MARIETTA	449,985	0	0	0	0
393114		OH	MASSILLON	747,797	0	0	0	0
393168		OH	MENTOR	183,731	0	0	0	0
393222		OH	MIDDLETOWN	688,511	0	0	0	0
393558		OH	NEWARK	861,846	0	0	0	0
394098		OH	PARMA	988,550	0	0	0	0
394680		OH	SANDUSKY	829,616	0	0	0	0
394998		OH	SPRINGFIELD	2,038,194	553,858	0	87,968	0
395016		OH	STEUBENVILLE	766,379	0	0	0	0
395214		OH	TOLEDO	8,152,035	2,509,566	41,639	349,667	0
395454	39C012	OH	WARREN	1,348,996	774,316	12,953	0	0
395874		OH	YOUNGSTOWN	4,035,818	798,992	0	178,634	0
399017	39C805	OH	BUTLER COUNTY	1,183,022	793,844	18,718	0	0
399035	39C107	OH	CUYAHOGA COUNTY	3,799,354	2,783,066	61,765	154,474	0
399049		OH	FRANKLIN COUNTY	1,866,367	900,252	23,054	80,862	0
399061		OH	HAMILTON COUNTY	3,500,487	1,387,052	32,165	133,365	0
399085		OH	LAKE COUNTY	1,429,252	497,877	11,212	0	0
399113		OH	MONTGOMERY COUNTY	1,909,153	1,047,211	26,115	82,922	0
399151	39C106	OH	STARK COUNTY	1,470,282	875,515	17,877	0	0
399153		OH	SUMMIT COUNTY	1,055,765	439,475	9,348	0	0
399999		OH	OHIO STATE PROGRAM	49,269,577	27,785,655	422,024	3,229,609	1,051,000

KEYS: CDBG Community Development Block Grants  
HOME HOME Investment Partnerships  
ADDI American Dream Downpayment Initiative  
ESG Emergency Shelter Grants  
HOPWA Housing Opportunities for Persons with AIDS

note that when the list was reviewed, retail in the PowerFinder database was over twice that (224%) of the ES202 database.

6. Without detailed examination, 53 of the 1,990 WTFD service locations were verified as replications in the database. For example, five locations — 1430, 1436, 1440, 1452, 1458 Yankee Park Place were listed for the Executive Suites in the WTFD database, while only a single entry exists and could be matched in the ES202 database. This is because only one unemployment insurance record was submitted for this business establishment. Similarly, many retail and service establishments also listed multiple suites within the same service location. In addition, government entities also list multiple locations (i.e., the WTFD listed each of the fire houses separately).

### Why don't the databases match?

1. First, businesses studied in the report using the ES202 database are based on unemployment insurance filings from 2005, Quarter 1<sup>1</sup> as reported by the Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202). The data from WTFD and PowerFinder are for 2007.

Much transpires in the business community in a two-year period. According to the Ohio Department of Development, 1,428 businesses opened their doors between 2005 and 2006 in Montgomery County. In this same period, 1,440 businesses also closed their doors or relocated to another county, a net loss of 12 businesses in Montgomery County. Turnover or "out of business" account for some of the discrepancy between the two databases.

2. The WTFD database also lists 167 vacant spaces not matched to a business in the ES202 database.
3. As noted in the report, the ES202 database consists of only those establishments that are subject to state unemployment insurance laws. This includes establishments with paid employees, but does not include sole proprietorships or those working for family businesses without pay. As a result, the database produces a lower count of establishments than other databases.
4. The ES202 database also lists the businesses in the location from which paperwork is submitted. For example, Routsong Funeral Home can be verified as a business location in the Washington Township database and phone directory business listings, but no entry exists in the ES202 database for this location or the Oakwood location. This is likely due to one unemployment insurance form filed for all of the locations from a "headquarter" location in Kettering.
5. Businesses operate under many different "aliases." The ES202 lists the companies with "Trade Name," "Also Known as," and "Formerly Known as." Franchise names do not necessarily match the trade name. Properties may be owned or leased by a holding company, landlord, or limited corporation. All of these conditions lead to discrepancies between these databases.

More specifically, we found 2,747 companies in the PowerFinder listing, and only 1,536 companies in the ES202 database, a little over half. The difference in the number of companies primarily stems from the fact, as stated above, that the ES202 database does not include sole proprietorships and the establishment's physical address may not be the address from which the unemployment records are filed. The PowerFinder listing presented sole proprietorships, in such sectors as tree service and landscaping and specialty services. It is also important to

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<sup>1</sup> 2005 Data was used as the basis for the study to remain comparable to the most recent tax revenue data available from the City - 2005.

Step 1. Estimating Resident Earning Tax Revenues	2005 <sup>[1]</sup> Estimated Population	Number of Returns	Taxpayers per Return	Tax Per Return	Tax Collected <sup>[2]</sup>
<b>Centerville</b>	<b>23,076</b>	<b>14,749</b>	<b>1.6</b>	<b>\$416.98</b>	<b>\$6,150,000</b>
Washington Township <sup>[3]</sup>	29,552	18,888	1.6	\$416.98	\$7,875,923

<sup>[1]</sup> Source: US Census Bureau, Population Estimates Program.

<sup>[2]</sup> Source: City of Centerville, Finance Department, Mark Schlagheck, Finance Director. July 16, 2007.

<sup>[3]</sup> Number of returns estimation based on taxpayers per return.

Step 2. Estimating Non-resident Employment	2005 <sup>[1]</sup> Estimated Employees	Workers Who Lived and Worked in the Same Place <sup>[2]</sup> (2000)	2005 <sup>[2]</sup> Resident Employees	2005 <sup>[2]</sup> Non-resident Employees
<b>Centerville</b>	<b>1,183</b>	<b>15.4%</b>	<b>182</b>	<b>1,001</b>
Washington Township	1,498	9.1%	136	1,362

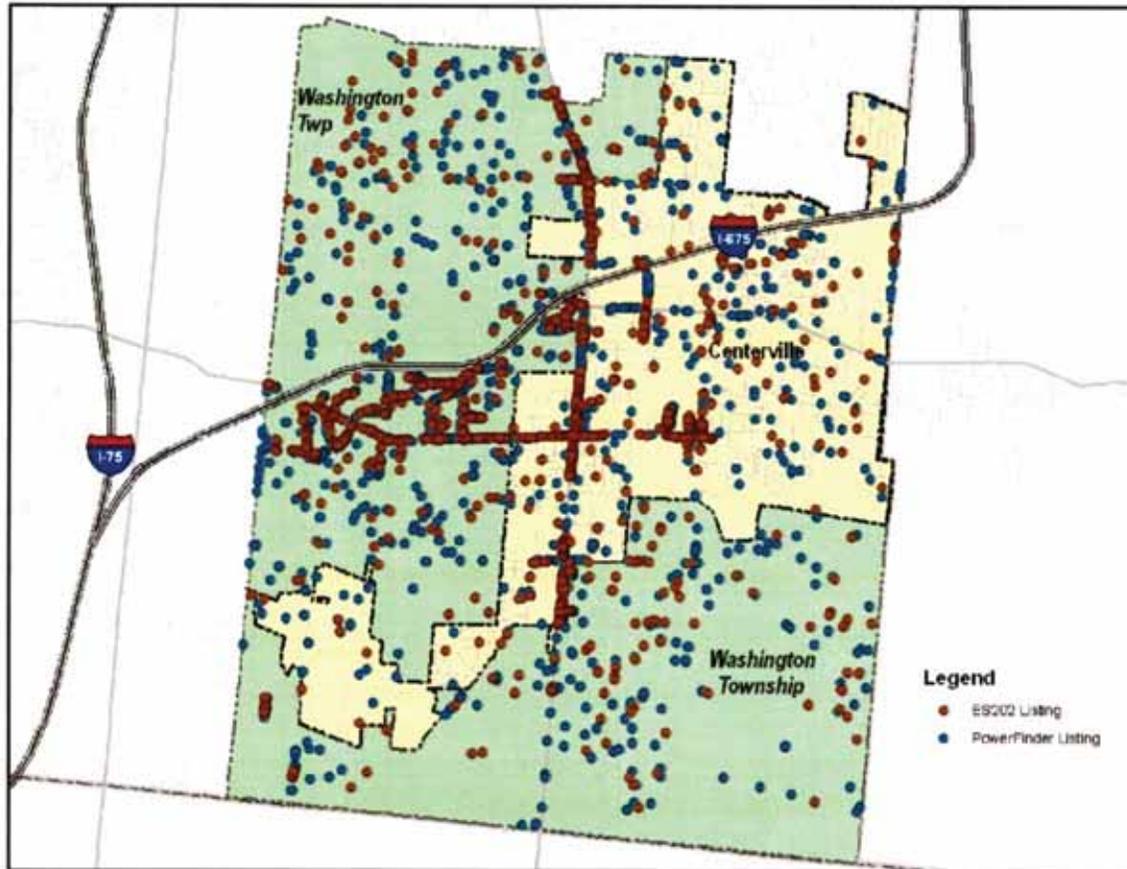
<sup>[1]</sup> Source: The Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202).

<sup>[2]</sup> Based on U.S. Census Bureau, Census 2000. Estimated Daytime Population and Employment-Residence Ratios expressed above.

Step 3. Estimating Non-resident Earnings tax Revenues	2005 Non-resident Employees	2005 <sup>[1]</sup> Wage per Employee	Calculated 2005 Tax Collected from Non-resident Employees	Adjusted 2005 Non-resident Tax Collected
<b>Centerville</b>	<b>1,001</b>	<b>\$22,669</b>	<b>\$397,027</b>	<b>\$4,200,000</b>
Washington Township	1,362	\$34,823	\$829,823	\$8,778,397

<sup>[1]</sup> Based on Quarterly Census of Employment and Wages (ES202).

Total Estimated Tax Amounts Collected, 2005		
Resident Population	Per Capita	Per Return
Centerville	\$10,366,320	\$6,150,000
Washington Township	\$13,275,502	\$7,875,923
Non-resident Population	N/A	Per Employee (Step 7)
Centerville	N/A	\$4,200,000
Washington Township	N/A	\$8,778,397
<b>Total Estimated Tax Collections</b>	<b>\$23,641,823</b>	<b>\$27,004,320</b>
<b>Per Capita</b>	<b>\$449</b>	<b>\$513</b>



### Tax Estimates

When employment and wages are tallied for the businesses that could be matched, there were 1,183 employees earning \$26,817,064 in the City of Centerville and 1,498 employees earning \$52,165,532 in Washington Township. To estimate the potential tax revenues generated by businesses in the combined jurisdiction, earnings tax revenues were estimated per return for residents (see Step 1 below) and based on average estimated 2005 wages reported by the Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202) for non-resident employees. In 2005, an estimated \$8.8 million<sup>1</sup> additional earnings tax revenues would be collected from Washington Township non-resident employees. Total revenues utilizing this method are estimated at \$27.0 million.

<sup>1</sup> 2005 estimate based on 10,541 Washington Township non-resident wage earners and the average ES202 wage of \$32,570 for these employees, except shaded cells which were generated by Wright State University.

Business Establishments by North American Industry Classification Division	2005 ES202 Establishments		2007 PowerFinder Establishments		2007 WTFD Service Locations	
	Count	Percentage	Count	Percentage	Count	Percentage
Agriculture, Forestry, and Fishing	3	0.2%	52	1.9%	1	0.1%
Utilities	1	0.1%	See Transportation		1	0.1%
Construction	96	6.3%	219	8.0%	31	4.3%
Manufacturing	50	3.3%	97	3.5%	29	4.0%
Wholesale Trade	123	8.0%	173	6.3%	51	7.0%
Retail Trade	199	13.0%	478	17.4%	115	15.8%
Transportation and Warehousing	5	0.3%	56	2.0%		0.0%
Information	22	1.4%	See Services		7	1.0%
Finance and Insurance	163	10.6%	440	16.0%	74	10.2%
Real Estate and Rental and Leasing	77	5.0%			28	3.9%
Services	794	51.7%	1,223	44.5%	388	53.4%
Public Administration	3	0.2%	9	0.3%	2	0.2%
<b>Total</b>	<b>1,536</b>	<b>100.0%</b>	<b>2,747</b>	<b>100.0%</b>	<b>727</b>	<b>100.0%</b>

Approximately 48% of the businesses in the ES202 database could be matched to the WTFD database. No attempt was made to append the Washington Township database to the PowerFinder database because no wage data is associated with the PowerFinder Database. However, both databases had a geographic coordinate and one can be compared to the other spatially (See the map below). Like the Washington Township Fire Service database, the PowerFinder was used to establish reasonability of the wage estimates from the ES202 data and the estimates. When the three databases are compared, the wage estimates based on the ES202 data are very conservative.

## **Appendix C: Business Verification**

### **Methodology**

For purposes of double checking the business data used to estimate the possible earnings tax revenues for the City of Centerville if combined with Washington Township in the *Centerville/Washington Township Earnings Tax Revenue Estimates Summary*, the Center for Urban and Public Affairs (CUPA) examined three databases — the Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202) database, Business listings from the PowerFinder *Government and Public Agency Business Listings*, and the service delivery database provided by the Washington Township Fire Department (WTFD).

The WTFD service database cannot be used as the sole basis for estimating earnings tax revenues because no employment data is associated with the data. As a result, three methods were used to attempt to match the data from the WTFD database to the ES202 database. First, a computer-generated match was attempted. Because of the number of differences — spelling and abbreviations of both the businesses and the street names, only a few entries could be matched. In a second attempt, the databases were matched by CUPA employees by name. Finally, the databases were matched by address. The final outcome was a total 727 matched businesses by name and location. For a more detailed examination of the sample matched to the WTFD database and how it compares to the ES202 database used for the *Centerville/Washington Township Earnings Tax Revenue Estimates Summary* refer to the table below. The table shows a very similar composition of companies by industry in most instances.

The ES202 database listed 1,536 total establishments in both Centerville and Washington Township. The database provided by the WTFD consisted of a total of 1,990 total fire service business locations and the PowerFinder database provided 2,747 listings.

**Where Centerville Residents Work**

Earnings Tax Rates for Employed Centerville Residents	No. of Employed Residents	Percentage
<b>Total</b>	<b>11,740</b>	<b>100.0%</b>
≥ 1.75%	5,635	48.0%
1.5%	782	6.7%
1.33%	20	0.2%
1.25%	55	0.5%
1.2	15	0.1%
1%	98	0.8%
No income tax collected [1]	3,053	26.0%
Other	2,082	17.7%

[1] Out of state, in a place with population <2,500, not in an incorporated place, unconfirmed

According to the 2000 CTPP, 3,753 residents of the Woodbourne-Hyde Park (WHP) CDP<sup>1</sup> in Washington Township were employed in 2000. Fifty-four percent of these residents paid taxes in excess of the 1.75% established by the City of Centerville. Approximately 6.3% of WHP residents also pay taxes at a rate less than the rate established by the City of Centerville and would expect to pay between 0.25% and .75% to the City if the two jurisdictions were to merge. Twenty-four percent of WHP residents pay no earnings tax to their jurisdictions of employment; 1.75% would be collected by the City if the jurisdictions were to merge.

**Where Washington Township Residents Work**

Earnings Tax Rates for Employed WHP Residents	No. of Employed Residents	Percentage
<b>Total</b>	<b>3,753</b>	<b>100.0%</b>
≥ 1.75%	2,027	54.0%
1.50%	237	5.9%
1.25%	10	0.3%
1.2%	4	0.1%
1%	25	0.7%
No income tax collected [1]	897	23.9%
Other	567	15.1%

[1] Out of state, in a place with population <2,500, not in an incorporated place, unconfirmed

<sup>1</sup> 2000 CTPP data is not available for Washington Township, but the Woodbourne-Hyde Park (WHP) CDP in Washington Township is considered a designated place and therefore data can be extracted for this portion of the township. The assumption is made that as Woodbourne-Hyde Park CDP is a portion of the Township that all Township residents have similar commuting patterns for work.

**Step 9. Cohort Municipalities**

<b>TAX RATES AND AMOUNTS COLLECTED, BY MUNICIPALITY, CALENDAR YEAR 2005</b>					
<b>City</b>	<b>County</b>	<b>2005<sup>[1]</sup> Estimated Population</b>	<b>Tax Rate</b>	<b>Tax Collected<sup>[2]</sup></b>	<b>Per Capita</b>
Middleburg Heights	Cuyahoga	15,381	1.75	\$12,881,534	\$837.50
Vandalia	Montgomery	14,245	1.75	\$10,857,727	\$762.21
Shaker Heights	Cuyahoga	27,620	1.75	\$19,195,919	\$695.00
Kettering	Montgomery	55,274	1.75	\$28,264,379	\$511.35
Miamisburg	Montgomery	19,743	1.75	\$10,027,092	\$507.88
Englewood	Montgomery	12,680	1.75	\$5,832,392	\$459.97
<b>Centerville</b>	<b>Montgomery</b>	<b>23,076</b>	<b>1.75</b>	<b>\$10,366,320</b>	<b>\$449.23</b>
Elyria	Lorain	56,144	1.75	\$21,538,559	\$383.63

[1] Source: US Census Bureau, Population Estimates Program.

[2] Source: Ohio Department of Taxation, October 12, 2006.

**Appendix B: Where Residents Work**

Incorporated jurisdictions may collect income or earnings tax revenues. These jurisdictions may also collect taxes from their residents who do not pay taxes to the jurisdiction where they work equal to or greater than the amount established by the residential jurisdiction. For example, Centerville currently collects 1.75% earnings tax from all employees in the jurisdiction. Centerville also may collect 0.25% from Centerville residents who work in the City of Fairborn where the rate is 1.5%, but cannot collect any revenues from a Centerville resident who works in the City of Dayton because the rate is 2.25%.

According to the 2000 Census Transportation Planning Package (CTPP) 11,740 Centerville residents were employed in 2000. Forty-eight percent of the residents worked in jurisdictions which collect earnings tax revenues at an established rate equal to or greater than the City of Centerville and therefore the City does not collect earnings tax revenues from these residents. However, 26.0% of the working residents of the City can be confirmed to work in the City of Centerville or jurisdictions which collect no tax at all; 8.2% of the residents would pay revenues to the City of Centerville between 0.25% and 0.75% in addition to the tax currently paid to the jurisdictions where they work.

### Step 7. Estimating the Wages and Earnings Tax Revenue for Non-resident Employees

Non-resident Population	2005 Non-resident Employees	2005 <sup>[1]</sup> Wage per Employee	Estimated 2005 Tax Collected per Employee	Adjusted 2005 Non-resident Tax Collected per Employee <sup>[2]</sup>
<b>Centerville</b>	<b>5,902</b>	<b>\$30,076</b>	<b>\$3,106,434</b>	<b>\$4,200,000</b>
Washington Township	11,952	\$32,570	\$6,812,289	\$9,210,438

[1] Based on Quarterly Census of Employment and Wages (ES202).

[2] 2005 earnings tax revenues are adjusted 191.67% to reflect the \$4,200,000 reported by the City of Centerville Finance Department.

### Step 8. Estimating the Total Earnings Tax Revenue for the Merged Jurisdiction

ESTIMATED TAX AMOUNTS COLLECTED, 2005			
	Method		
	Method 1 Per Capita (Step 1)	Method 2 Per Return (Step 2)	Method 3 Per Return (Step 2)
<b>Resident Population</b>			
Centerville	\$10,366,320	\$6,150,000	\$6,150,000
Washington Township	\$13,275,502	\$7,875,923	\$7,875,923
<b>Non-resident Population</b>		Per Employee (Step 6)	Per Employee (Step 7)
Centerville	N/A	\$4,200,000	\$4,200,000
Washington Township	N/A	\$8,504,983	\$9,210,438
<b>Total Estimated Tax Collections</b>	<b>\$23,641,823</b>	<b>\$26,730,906</b>	<b>\$27,436,361</b>
<b>Per Capita</b>	<b>\$449</b>	<b>\$508</b>	<b>\$521</b>

#### Step 4. Estimating the Number of Residents Who Work and Live in the Same Jurisdiction

Resident Population	2005 <sup>[1]</sup> Estimated Population	Employed Resident - Total Population Ratio <sup>[2]</sup>	2005 Estimated Employed Residents
<b>Centerville</b>	<b>23,076</b>	<b>51.1%</b>	<b>11,793</b>
Washington Township <sup>[3]</sup>	29,552	47.6%	14,077

[1] Source: Source: US Census Bureau, Population Estimates Program.

[2] Source: U.S. Census Bureau, Census 2000. Estimated Daytime Population and Employment-Residence Ratios: 2000.

[3]Based on the assumption that population ratios remained similar between the 2000 Census data collection period and the 2005 Census Population estimates. Washington Township estimates are also based on the assumption that Woodbourne-Hyde Park CDP, OH in Washington Township Estimated Daytime Population and Employment-Residence Ratios are similar to the Township as a whole.

#### Step 5. Estimating the Number of Non-Resident Employees

Non-resident Population	2005 <sup>[1]</sup> Estimated Employees	Ratio of Workers Who Lived and Worked in the Same Place <sup>[2]</sup> (2000)	2005 <sup>[2]</sup> Resident Employees	2005 <sup>[2]</sup> Non- resident Employees
<b>Centerville</b>	<b>7,717</b>	<b>15.4%</b>	<b>1,815</b>	<b>5,902</b>
Washington Township	13,230	9.1%	1,278	11,952

[1] Source: The Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202).

[2] Based on U.S. Census Bureau, Census 2000. Estimated Daytime Population and Employment-Residence Ratios expressed above.

#### Step 6. Estimating the Earnings Tax Collected per Employee

Non-resident Population	2005 Non-resident Employees	2005 <sup>[1]</sup> Non-resident Tax Collected	2005 Tax Collected per Employee
<b>Centerville</b>	<b>5,902</b>	<b>\$4,200,000</b>	<b>\$712</b>
Washington Township	11,952	\$8,504,983	\$712

[1] Source: City of Centerville, Finance Department, Mark Schlagheck, Finance Director. July 16, 2007.

**Appendix A: Earnings Tax Calculations****Step 1. Per Capita Earnings Tax Revenue**

City	2005 <sup>[1]</sup> Estimated Population	Tax Collected <sup>[2]</sup>	Per Capita
<b>Centerville</b>	<b>23,076</b>	<b>\$10,366,320</b>	<b>\$449.23</b>
Washington Township	29,552	\$13,275,502	\$449.23

[1] Source: US Census Bureau, Population Estimates Program.

[2] Source : Ohio Department of Taxation, October 12, 2006.

**Step 2. Earnings Tax Revenue per 2005 Filed Return**

Resident Population	2005 <sup>[1]</sup> Estimated Population	Number of Returns	Taxpayers per Return	Per Return	Tax Collected <sup>[2]</sup>
<b>Centerville</b>	<b>23,076</b>	<b>14,749</b>	<b>1.6</b>	<b>\$416.98</b>	<b>\$6,150,000</b>
Washington Township <sup>[3]</sup>	29,552	18,888	1.6	\$416.98	\$7,875,923

[1] Source: US Census Bureau, Population Estimates Program.

[2] Source: City of Centerville, Finance Department, Mark Schlagheck, Finance Director, July 16, 2007.

[3]Number of returns - estimation based on taxpayers per return.

**Step 3. Earnings Tax Revenue Based on Estimated 2005 Wages**

Employment Estimates	2005 <sup>[1] , [2]</sup> Estimated Employment	Estimated <sup>[3]</sup> Annual Wages	Estimated Total Employment Collections <sup>[2]</sup>
<b>Centerville</b>	<b>7,717</b>	<b>\$232,094,200</b>	<b>\$4,061,649</b>
Washington Township <sup>[3]</sup>	13,229	\$430,905,884	\$7,540,853

[1] Source: The Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202).

[2] Estimates include both resident and non-resident population.

[3]Annual wages based on ES202 Q1 (Centerville \$58,023,550 & Washington Township \$107,726,471).

<b>TAX RATES AND AMOUNTS COLLECTED, BY MUNICIPALITY, CALENDAR YEAR 2005</b>					
<b>City</b>	<b>County</b>	<b>2005* Estimated Population</b>	<b>Tax Rate</b>	<b>Tax Collected**</b>	<b>Per Capita</b>
Middleburg Heights	Cuyahoga	15,381	1.75	\$12,881,534	\$837.50
Vandalia	Montgomery	14,245	1.75	\$10,857,727	\$762.21
Shaker Heights	Cuyahoga	27,620	1.75	\$19,195,919	\$695.00
<b>Centerville/Washington Township (Method 3)</b>	<b>Montgomery</b>	<b>52,628</b>	<b>1.75</b>	<b>\$10,366,320</b>	<b>\$521.33</b>
Kettering	Montgomery	55,274	1.75	\$28,264,379	\$511.35
<b>Centerville/Washington Township (Method 1)</b>	<b>Montgomery</b>	<b>52,628</b>	<b>1.75</b>	<b>\$10,366,320</b>	<b>\$507.92</b>
Miamisburg	Montgomery	19,743	1.75	\$10,027,092	\$507.88
Englewood	Montgomery	12,680	1.75	\$5,832,392	\$459.97
<b>Centerville/Washington Township (Method 1)</b>	<b>Montgomery</b>	<b>52,628</b>	<b>1.75</b>	<b>\$10,366,320</b>	<b>\$449.23</b>
Elyria	Lorain	56,144	1.75	\$21,538,559	\$383.63

Figure 11: Tax Rates and Amounts Collected, by Ohio Municipality, Calendar Year 2005

As stated previously, these estimates do carry a degree of uncertainty. To develop more accurate estimate of earnings tax revenues additional data would have been necessary, in particular, detailed data regarding:

- The number of residents (and their wages) who live and work within the current Township boundaries
- The number of residents in either the Township or City who work outside their place of residence, their wages, and the rate (if any) they pay in earnings taxes
- The number of non-W2 wage earners who work in the Township or City and their wages.
- The number of non-W2 wage earners who work in jurisdictions outside their place of residence, their wages or earnings, and the rate, if any, they pay in earnings taxes.

This data is difficult, if not impossible, to acquire.

million<sup>1</sup> additional earnings tax revenues would be collected from Washington Township non-resident employees. Total revenues utilizing this method are estimated at \$27.4 million.

<b>ESTIMATED TAX AMOUNTS COLLECTED, 2005</b>			
<b>Resident Population</b>	<b>Method 1 Per Capita</b>	<b>Method 2 Per Return</b>	<b>Method 3 Per Return</b>
Centerville	\$10,366,320	\$6,150,000	\$6,150,000
Washington Township	\$13,275,502	\$7,875,923	\$7,875,923
<b>Non-resident Population</b>			
Centerville	N/A	\$4,200,000	\$4,200,000
Washington Township	N/A	\$8,504,983	\$9,210,438
<b>Total Estimated Tax Collections</b>	<b>\$23,641,823</b>	<b>\$26,730,906</b>	<b>\$27,436,361</b>
<b>Per Capita</b>	<b>\$449</b>	<b>\$508</b>	<b>\$521</b>

Figure 10: Estimated Tax Collections, 2005

To corroborate these estimates, cities were identified that have an earnings tax collection rate of 1.75%. Per capita revenues for these jurisdictions were calculated based on the population as estimated by the U.S. Census in 2005 and the amount of revenues reported to the Ohio Department of Taxation in 2005. The low, medium, and high estimates for Centerville/Washington Township fall reasonably within this cohort.

<sup>1</sup> 2005 estimate based on 10,541 Washington Township non-resident wage earners and the average ES202 wage of \$32,570 for these employees, except shaded cells which were generated by Wright State University.

## Tax Estimates

If the 1.75% earnings tax of the City of Centerville is applied to a merged community, an additional estimated \$13.3 million in revenue would be collected, generating a total of approximately \$23.7 million. An assumption used to calculate the estimate is that the same proportion of Washington Township Residents work outside their place of residence as Centerville residents. A second assumption is that the resident population in Washington Township who work in jurisdictions outside their *place of residence* pay earnings taxes at similar rates or percentages as workers who live in the City of Centerville. A third assumption is that the same proportion of non-residents work in both the Township and Centerville. If these assumptions are not valid, the estimated earnings tax for the merged community would be affected.

Three methods were examined to estimate earnings for the merged communities. The first method is an earnings taxed revenue per capita calculation and estimates revenues at nearly \$23.7 million or \$449 per resident.

<b>ESTIMATED TAX AMOUNTS COLLECTED, 2005</b>	
<b>Resident Population</b>	<b>Per Capita</b>
Centerville	\$10,366,320
Washington Township	\$13,275,502
<b>Total Estimated Tax Collections</b>	<b>\$23,641,823</b>

Figure 9: Estimated Tax Amounts Collected, 2005

The second method is an earnings tax revenues per tax return calculation for residents, and per wage earner, for non-residents. This method estimates revenues over \$26.7 million. The City of Centerville reports that 14,749 tax returns were filed by residents in 2005. This equates to 1.6 taxpayers and \$416.98 per return. When applied to Washington Township 2005 estimated population (29,552), 18,888 returns would be filed and nearly \$7.9 million would be collected in earnings revenue.

In 2005, the City of Centerville reported that \$4.2 million was collected from 5,902 non-resident wage earners — an estimated \$712 per employee. Washington Township non-resident earnings tax revenues were calculated by first estimating the number of non-resident employees and then by applying a per employee revenue collected in 2005. In 2005, an additional \$8.5 million would be collected from non-resident employees in Washington Township. For an explanation of non-resident employee estimates, see calculations 5 and 6 in Appendix A.

In the third method, earnings tax revenues were estimated per return for residents and based on average estimated 2005 wages reported by the Ohio Economic Development Information Network (OEDIN), Quarterly Census of Employment and Wages (ES202) for non-resident employees. In 2005, an estimated \$9.2

that when the list was reviewed, retail in the PowerFinder database was over twice that (224%) of the ES202 database.

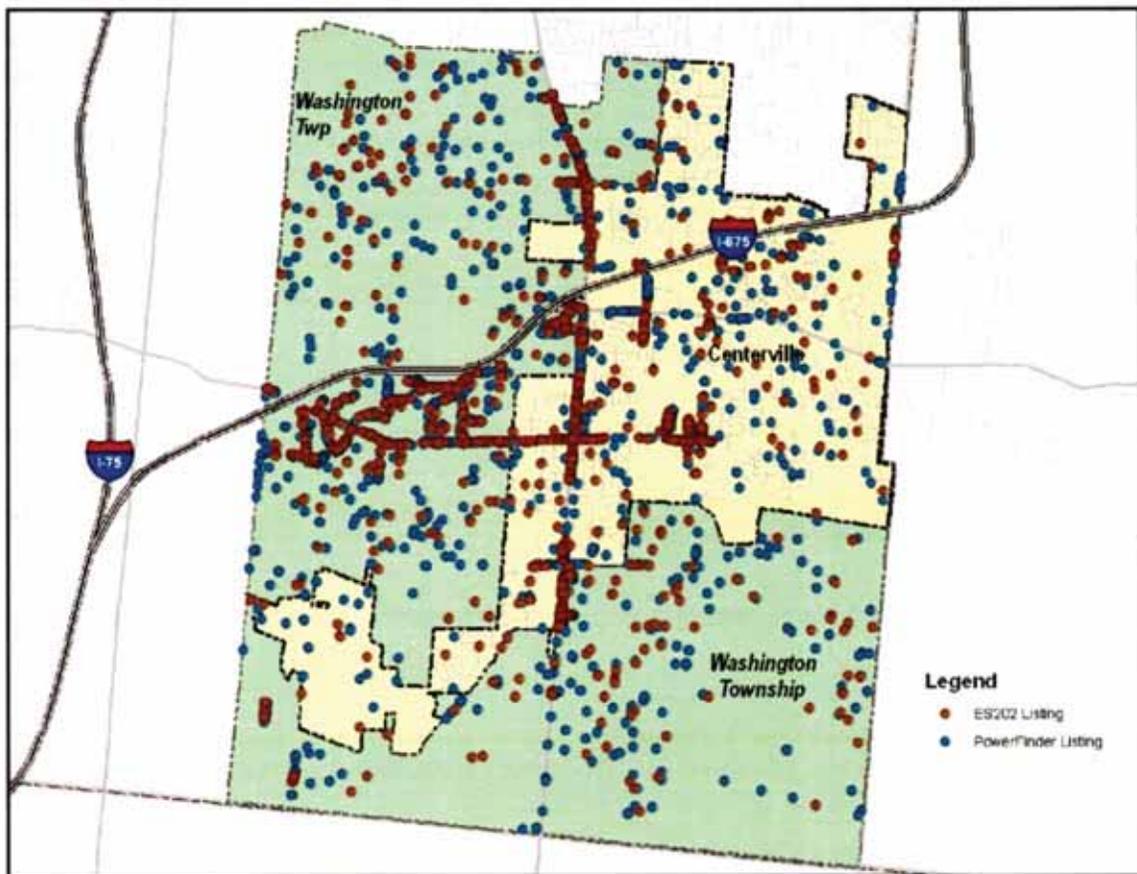


Figure 8: Geographical Comparison of ES202 to PowerFinder Business Listings

a. If no condition can be agreed on by the majority of members from each subdivision, the commission may vote on whether a merger should occur. In that event, if the majority from each subdivision votes against a merger, no further action is taken, and no petitions for merger may be submitted for 3 years.

**b. If a majority of members from each subdivision agree on proposed conditions, the commission issues a report** listing the conditions agreed to, and the reasoning behind adopting each condition. The commission's agreement and the list of conditions must be certified by the commission to the county board of elections, after the next general election occurring after the election of the members of the merger commission but not less than 75 days preceding the second general election occurring after the election of the merger commission.

6. The conditions of merger are submitted to the voters for acceptance or rejection at the second general election after the election of the merger commission. **The conditions must be approved by a majority of voters in each political subdivision.**

a. If the conditions are approved by a majority of voters in each political subdivision, the merger becomes effective on January 1 of the year following certification of the election results by the county board of elections.

b. If the conditions are rejected, no merger petitions may be submitted for three years after that vote.

7. When a merger includes an unincorporated area of a township, the board of county commissioners and the city council of the municipality involved must negotiate an agreement relating to services provided by the county to the township, and develop transition plans to address arrangements for provision of those services. They must meet to discuss transition plans within 30 days of the effective date of the merger, and agree on a transition plan within 60 days of that meeting.

(No petitions for annexation may be submitted after a petition for a merger commission has been filed, until either the petition for a merger commission is defeated or the merger conditions are defeated.)

## **Attachment IV.8: Summary of Ohio Revised Code (ORC) provisions on merger process (Sections 709.43 – 709.48)**

1. **Petition proposing merger is filed with county board of elections** (separate petitions may be presented by each political subdivision involved). Each petition must state the purpose of the petition, and include the names of no less than five electors of each affected political subdivision (municipality or township) to be nominated to serve as members of a merger commission. A copy of the petition must be filed with the city council of each municipality and the board of trustees of each township involved.
  - Petitions must be signed by not less than 10 percent of electors in each political subdivision (municipality and township) (based on number voting for governor in most recent gubernatorial election)
2. If the petitions are validated by the board of elections, the board submits a **ballot question on the establishment of a merger commission for approval in the next general election taking place at least 75 days after the petition was filed**. The question is placed on the ballot in each political subdivision for which merger is proposed, and the ballot must include the names of the merger commission nominees from each subdivision.
3. Not less than 30 days before the merger commission election, the township board of trustees and the city council must each hold a public meeting in which they state and explain their position on the proposed merger.
4. **a. If the establishment of a merger commission is approved by a majority of voters in each political jurisdiction, a merger commission is formed** to formulate conditions of a merger. The commission must hold its first meeting at 9 a.m. on the 10<sup>th</sup> day after the election is certified by the county board of elections; if one of the parties to the merger is a township, the first meeting must be held in the office of the township board of trustees.
  - b. If the establishment of a merger commission is disapproved by a majority of voters in either the municipality or the township, the merger process ends, and no further petitions for a merger may be filed for at least 3 years after the date of this election.
5. All proposed merger conditions must be voted on by the merger commission.

Washington Township/Centerville City

Engineer					
Public Works Supervisor		46,000-67,000	Senior Supervisor	12	43,139-56,763
Master Mechanic	41	44,096-59,113	Master Mechanic	12	43,139-56,763
Engineer. Aide/Public Works Inspector II	38	40,934-54,849	Service Worker III*	8	37,190-48,922
City Horticulturist	34	37,107-49,712			
			Mechanic I*	7	35,422-46,592
			Mechanic I	7	33,800-44,470
Vehicle/Equipment Mechanic	33	36,192-48,484	Service Worker II*	6	33,738-44,408
Secretary II	31	34,444-46,134			
Group Leader	31	34,444-46,134			
Equipment Operator	28	31,948-42,806	Service Worker I*	4	30,597-40,248
Aux. Refuse Equipment Operator	25	29,681-39,790			
Maintenance Worker	24	28,953-38,792			
Mechanic's Helper	24	28,953-38,792			
Custodian II	23	28,246-37,586			
Groundskeeper	21	26,894-36,046			
Operator/Receptionist	16	23,753-31,844			
Laborer II	13	22,048-29,536			
Custodian I	13	22,048-29,536			
Laborer I	1	16,411-21,964			

\* For Township, designates unionized. Does not include elected officials or positions likely to be eventually combined (administrator/manager, finance director, public works director), although new assistant positions might well be needed. Also not included are positions in units that only exist in one of these jurisdictions: fire, recreation, Benham's Grove, or Yankee Trace. Police are addressed separately in the report.

**Attachment IV.7: Salary Comparisons**

Centerville 2007 Pay Ordinance, as amended			Washington Township Pay Schedule 2007		
General Administration/Finance Positions	Grade	Annual Salary	General Administration/Finance Positions	Grade	Annual Salary
			Deputy Administrator		83,850
Clerk of Council		52,000			
Information Technology Manager		60,171-88,722	Informative Systems Coordinator	14	47,570-62,587
Assistant to the City Manager		47,096-71,864			
Assistant Finance Director		48,501-70,759	Accounting Supervisor	12	43,139-56,763
Human Resources Manager		47,463-69,008	Human Resource Technician III	10	39,125-51,480
Superintendent of Taxation		47,463-69,008			
Economic Development Administrator		44,458-64,638			
Community Resources Coordinator (part-time)		35,852-56,104	Public Information Manager	12	43,139-56,763
			Public Information Education Specialist	10	39,125-51,480
Management Analyst		32,711-48,637			
			Information Systems Analyst	7	33,800-44,470
			Payroll Technician II	7	33,800-44,470
Assistant Superintendent of Taxation	30	33,592-45,011			
			Accounts Payable Technician II	6	32,198-42,349
			Secretary to the Administrator	6	32,198-42,349
Secretary I	29	32,760-43,888	Secretary	5	30,659-40,352
Finance Clerk II	28	31,948-42,806			
			Administrative Aide	4	29,203-38,418
Office Clerk	24	28,953-38,792	Records Clerk	3	27,810-36,608
Finance Clerk I	22	27,560-36,940			
Assistant to the Clerk of Council	18	24,960-33,446			
<b>Zoning Positions</b>	<b>Grade</b>	<b>Annual Salary</b>	<b>Zoning Positions</b>	<b>Grade</b>	<b>Annual Salary</b>
			Development Services Director		74,000
Chief Building Official		47,463-69,008			
			Zoning/GIS Manager	14	47,570-62,587
City Planner		60,171-88,722	Senior Planner	14	47,570-62,587
Building Inspector/Computer Specialist	45	48,672-65,249	Plans Examiner/Inspector	10	39,125-51,480
Zoning/Code Enforcement Inspector/Code Official	40	43,014-57,657	Zoning Inspector	10	39,125-51,480
Planner I	35	38,001-50,897			
GIS Technician	27	31,179-41,787			
<b>Public Works Positions</b>	<b>Grade</b>	<b>Annual Salary</b>	<b>Public Works Positions</b>	<b>Grade</b>	<b>Annual Salary</b>
City Engineer		60,171-88,722			
Public Works Operations Manager		52,412-76,203	Public Works Manager	18	57,803-76,066
Assistant City		48,501-70,759	Engineer I	12	43,139-56,763

### Attachment IV.6: Salary Schedules

Washington Township				Centerville			
Full-Time Non-Union Salary Effective 2006				Hourly Employees, 2007			
	Step 1	Step 8		Step A	Step G		
Grade	20	63,731	83,866	Grade	50	55,078	73,819
	19	60,694	79,872		49	53,726	72,009
	18	57,803	76,066		48	52,416	70,009
	17	55,058	72,467		47	51,126	65,536
	16	52,437	69,014		46	49,899	66,851
	15	49,941	65,728		45	48,672	65,249
	14	47,570	62,587		44	47,486	63,627
	13	45,302	59,613		43	46,321	62,108
	12	43,139	56,763		42	45,177	60,548
	11	41,080	54,038		41	44,096	59,113
	10	39,125	51,480		40	43,014	57,657
	9	37,253	49,067		39	41,932	56,243
	8	35,485	46,696		38	40,934	54,849
	7	33,800	44,470		37	39,915	53,518
	6	32,198	42,349		36	38,958	52,208
	5	30,659	40,352		35	38,001	50,897
	4	29,203	38,418		34	37,107	49,712
	3	27,810	36,608		33	36,192	48,484
	2	26,478	34,840		32	35,297	47,320
	1	25,210	33,134		31	34,444	46,134
Full-Time Public Works Union Salary				30	33,592	45,011	
				29	32,760	43,888	
	Step 1	Step 8		28	31,948	42,806	
Grade	8	37,190	48,922		27	31,179	41,787
	7	35,422	46,592		26	30,409	40,768
	6	33,738	44,408		25	29,681	39,790
	4	30,597	40,248		24	28,953	38,792
	2	27,768	35,525		23	28,246	37,856
					22	27,560	36,940
					21	26,894	36,046
					20	26,228	35,152
					19	25,584	34,299
					18	24,960	33,446
					17	24,356	32,676
					16	23,753	31,844
					15	23,171	31,054
					14	22,609	30,305
					13	22,048	29,536
					12	21,548	28,870
					11	21,008	28,142
					10	20,488	27,476
					9	19,988	26,811
					8	19,510	26,166
					7	19,032	25,480
					6	18,574	24,897
					5	18,116	24,273
					4	17,680	23,670
					3	17,243	23,088
					2	16,827	22,547
					1	16,411	21,964

	<p>If the problem remains unresolved, the written grievance may be presented within three (3) work days by the employee through the Clerk-Treasurer to the Board of Trustees. The statement of the grievance shall be filed with the Clerk-Treasurer no later than the close of business on the last day permitted for filing of the grievance. The written statement of appeal of the grievance shall set forth the reasons and grounds for the grievance with a statement of relief sought.</p> <p>A copy of all previous written documents involved in the action shall be attached to the grievance. The Trustees may conduct a hearing on all issues involved, and shall respond in writing to the parties presenting the grievance within ten (10) work days from the date of filing of the grievance unless additional time is agreed to by both sides.</p> <p>The decision of the Township Trustees shall be final.</p> <p>Steps (f), (g), and (h) above may only be pursued in cases of suspensions of more than three days, demotions, dismissals, layoffs, and grievances of the Department Heads.</p> <p>If the action being grieved is a suspension of more than three (3) days, demotion, layoff or dismissal issued by the Township Administrator, the employee may proceed directly to the above step (g), thereby skipping (a) through (f).</p>	
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		probationary period. If the formerly held position no longer exists, the City will make every effort to place the employee in a comparable position. In the event that no comparable position exists, the employee is terminated and placed on a recall list.
None stated	None stated	<b>Merit-Longevity Section 3.08</b> Full-time employees with six and one-half (6½) or more years of full-time service with the City may be eligible for an annual bonus payment. Eligibility for the merit bonus is determined by a combination of length of service and achieving an overall "above average" performance rating.  City Council has the sole discretion to determine whether merit bonuses will be provided and the amount of any such bonuses.
<b>Grievance Procedure Article 14</b>	<b>Section V B. Grievance Procedure</b>	<b>Grievance Procedure Section 6.0</b>
<p>Step 1. Must be filed immediately with Supervisor; employee and supervisor will meet within 3 days of complaint and employee shall receive a written response within 3 days of meeting. No grievance will be filed after ten days from date of incident</p> <p>Step 2. If not satisfied in step 1, grievant shall appeal in writing to department head within 3 days of step 1 response. The department head shall investigate, meet with grievant and respond in writing in 5 days of meeting</p> <p>Step 3. If step 2 is not satisfactory, grievant may appeal in writing to Township Administrator within 10 days of receiving answer. Administrator shall investigate, meet with the grievant, and give a written answer within 10 day of meeting. If unresolved grievance mediation shall proceed.</p> <p>Step 4. Arbitration, within 30 days of step 3 decision</p>	<p>Employee will talk over complaint or grievance with immediate supervisor. If the immediate supervisor does not settle the problem, the employee will submit a written grievance to the immediate supervisor. The immediate supervisor shall have up to three (3) working days to respond in writing. If the supervisor does not respond or does not solve the problem to the satisfaction of the employee, then the employee has up to three (3) work days to submit the written grievance and any previous responses to the next in the chain of command.</p> <p>If the chain of command does not settle the problem to the employee's satisfaction, the employee will submit his written grievance to his Department Head within three (3) work days. Upon receipt of the written grievance, the Department Head shall meet with the employee within three (3) work days. The Department Head shall give the employee a written response within three (3) work days of this meeting.</p> <p>If his Department Head does not settle the problem to the employee's satisfaction, the employee will submit his written grievance to the Township Administrator within three (3) work days following the response from the Department Head.</p> <p>Upon receipt of the written grievance, the Township Administrator shall meet with the employee within three (3) work days. The Township Administrator shall give the employee a written response within three (3) work days of this meeting.</p>	<p>Step 1. Immediate Supervisor. Must be filed within 5 days of incident. Supervisor shall investigate and provide a solution,</p> <p>Step 2. Department/Division Head. If not satisfied in step 1, grievant shall appeal in writing to department head within 5 days of step 1 response. The department head shall investigate, meet with grievant and respond in writing. Employee may have representation</p> <p>Step 3. If step 2 is not satisfactory, grievant may submit original grievance along with all responses to City Manager within 5 days of step 2 answer. City Manager shall investigate, or make final decision. Further appeals go to the Personnel Appeals Board</p>

<p><b>Maternity Leave Article 23</b></p>	<p><b>Section IV J. Maternity Leave</b> <b>Section IV J. Maternity Leave</b></p>	<p><b>Family and Medical Leave Section 4.09</b></p>
<p>After a year of employment or 1,250 hours, and a 30 day notice, an employee may use 12 weeks of Family and Medical Leave Act Compliance leave during a 12 month period.</p>	<p>After a year of employment or 1,250 hours, and a 30 day notice, an employee may use 12 weeks of Family and Medical Leave Act Compliance leave during a 12 month period.</p>	<p>After a year of employment and paid in work status with at least 1,250 hours of service are eligible. Required 30 day notice. Employee may use 12 weeks of Family and Medical Leave Act Compliance leave during a 12 month period.</p>
<p><b>Probation Article 26</b></p>	<p><b>Section III E. Probation</b></p>	<p><b>Probationary Period Section 2.10</b></p>
<p>Probationary status lasts for 12 months.</p>	<p>Probationary status lasts for 6 months.</p>	<p>Probation status lasts for 6 months, 12 months for public safety employees.</p>
<p><b>Call-in Pay Article 27</b></p>	<p><b>Section IV B. Overtime</b></p>	<p><b>Overtime Section 3.04</b></p>
<p>Compensated at the rate of one and one-half (1½ ) times the employee's standard hourly wage and for a minimum of two (2) hours if the overtime work requires a special trip to and from home.</p>	<p>No compensation for exempt employees. Others compensated at the rate of one and one-half (1½) times the employee's standard hourly wage and for a minimum of two (2) hours if the overtime work required a special trip to and from home.</p>	<p>Any employee who works in excess of forty (40) hours per week shall receive compensation at one and one-half (1½) times his or her regular hourly rate or shall receive compensatory time off at one and one-half (1½) hours for each hour worked in excess of forty (40) hours per week.</p>
<p><b>Medical Insurance Article 28</b></p>	<p><b>III.E</b></p>	<p><b>Health Insurance/Life Insurance Section 4.12</b></p>
<p>Township will pay in total any increase in medical benefits which do not exceed 10% in any one year for a max total of 20% for the life of the contract.</p> <p>If medical insurance exceeds these amounts, Township will require difference by unit members or seek other insurance.</p> <p>Medical coverage is terminated when employee resigns, retires or is discharged, unless otherwise provided by law.</p> <p>Township provides \$35,000 in life insurance coverage with no employee contribution.</p>	<p>Full-time probationary employees are eligible to participate in the Township group insurance program after 30 days. Township provides \$35,000 in life insurance coverage with no employee contribution.</p>	<p>All full-time employees of the City shall be eligible for health insurance as provided by City Council from time to time upon such terms, conditions, and requirements, and in such amounts as Council shall authorize. The current employee contribution amount to the policy is 4.3%; the City contributions for full-time employees on a single plan is \$351.70/month and family plan is \$960.26/month. Full-time employees who waive the health insurance benefit are eligible for a "Health Insurance Rebate" paid annually in the amount of 15% of the total family health insurance premium (i.e. 15% of 12 months @ \$960.26/month = \$1,728.47). All full-time employees of the City requesting life insurance coverage shall receive twenty-four (24) hour term life insurance coverage equal to twice their annual base wages (rounded off to the next higher thousand dollars), as prescribed by City Council.</p>
<p><b>Promotions Article 17</b></p>	<p><b>Section III K. Promotion</b></p>	<p><b>Promotions Section 2.12</b></p>
<p>Employee may be promoted only if qualified for the higher position.</p> <p>When vacancy occurs, preference is given to bargaining unit employees, however position can be filled by an outside candidate.</p> <p>Employees can be temporarily promoted, after 3 months, employee shall receive the higher pay rate.</p>	<p>Employee may be promoted only if qualified for the higher position.</p> <p>When vacancy occurs, preference to qualified present employees, however position can be filled by an outside candidate.</p> <p>Should the temporary promotion of the employee extend for a longer period than three (3) months, then the employee shall be justly compensated for the additional duties.</p>	<p>Employee may be promoted if qualified for the higher position.</p> <p>Must participate in probationary period.</p> <p>Salary adjustment will be made.</p> <p>Employees serving promotional probationary periods may be reduced to the classification and salary held prior to the promotion, upon failure to satisfactorily complete the promotional</p>

## Attachment IV.5: Summary of Benefits

Summary of Benefits- Washington Township (Public Works Department Contracts)	Washington Township Non-Union	Summary of Benefits- Centerville (City Personnel Manual)
<b>Bereavement Leave Article 18</b>	<b>Section IV G. Bereavement</b>	<b>Funeral Leave Section 4.05</b>
Three (3) work days without loss of pay  Employee allowed (2) day travel allowance for overnight travel	Three (3) regularly scheduled work days without loss of pay	Three (3) work days without loss of pay
<b>Sick Leave Article 19</b>	<b>Section IV E. Sick Leave</b>	<b>Sick Leave Section 4.00-4.02</b>
Eight (8) hours per each month of service  Accumulate unused credit to max of 200 days (1,600 hours)	Eight (8) hours each month  Accumulated to a maximum of 200 working days (1,600 hours)	Ten (10) hours per each month of service  Accumulate unused credit to max of 120 days (960 hours)  Sickness of (3) or more days requires a doctor's note
<b>Personal Day Article 20</b>	<b>Section IV F. Personal Leave</b>	<b>Holidays/Personal Leave Section 4.04</b>
One personal day per calendar year (8 hours)	One personal day per calendar year	(5 days) 40 hours per year for personal leave for those who work 40 hours per week on a year round basis
<b>Vacation Article 21</b>	<b>Section IV D. Vacation</b>	<b>Vacation Section 4.03</b>
Ten (10) days per year in first four years of service  Twelve (12) days per year after four (4) years of service  Fifteen (15) days per year after six (6) years of service  Eighteen (18) days per year after nine (9) years of service  Twenty-two (22) days per year after fifteen years of service	Ten (10) days per year (.83 days per month) first four (4) years of service  Twelve (12) days per year (1.0 days per month) during four (4) years through six (6) years of service  Fifteen (15) days per year (1.25 days per month) during six (6) years through nine (9) years of service  Eighteen (18) days per year (1.50 days per month) during nine (9) years through 15 years of service  Twenty-two (22) days per year (1.83 days per month) after 15 years of service	(12 days per year) Eight hours per month in first four (4) years of service  (15 days per year) Ten hours per month after five years of service but less than ten (10) years of service  (18 days) Twelve (12) hours per month after ten years but less than fifteen (15) years of service  (22 days per year) 14.67 hours/month after fifteen (15) years of service
<b>Holidays Article 22</b>	<b>Section IV C. Holidays</b>	<b>Holidays/Personal Leave Section 4.04</b>
After 90 days employees are eligible for ten paid holidays:  New Year's Day Martin Luther King Day Lincoln/Washington's Birthday (3 <sup>rd</sup> Monday in February) Memorial Day Fourth of July Day Labor Day Columbus Day (2 <sup>nd</sup> Monday in October) Veteran's Day (Day after Thanksgiving) Thanksgiving Day Christmas	After 90 days employees are eligible for ten paid holidays:  New Year's Day Martin Luther King Day Lincoln/Washington's Birthday (3 <sup>rd</sup> Monday in February) Memorial Day Fourth of July Day Labor Day Columbus Day (2 <sup>nd</sup> Monday in October) Veteran's Day (Day after Thanksgiving) Thanksgiving Day Christmas	All fulltime employees are eligible for nine paid holidays, part-time employees working 20 hours or more are given ½ of holiday pay given to full-time employees:  New Year's Day Martin Luther King Day Memorial Day Independence Day Labor Day Thanksgiving Day Day after Thanksgiving Christmas Eve Christmas

## Attachment IV.4: Summary of Business Regulation and Taxation Code

### Title Eight - Taxation

#### Chap 880 Earned Income Tax

##### 880.03 Imposition of tax (emphasis added)

(a.) an annual tax will be imposed at the rate of **one and three-quarters percent** per annum upon the following:

- (1) On all salaries, wages, commissions and other compensation received during the effective period of this chapter by residents of the City.
- (2) On all salaries, wages, commissions and other compensation received during the effective period of this chapter by nonresidents for work done or services performed or rendered in the City.
- (3.) on portion attributable to city of **net profits** earned and accrued or received for all **resident associations, unincorporated businesses, professions** of other entities, **derived from sales made, work done, services performed** or rendered and **business or other activities conducted in the city**
- (4) on portion of the distributive share of net profits earned and accrued or received of a **resident partner or owner of a resident unincorporated business** entity not attributable to the city upon which the tax was not paid by the entity
- (5) on portion attributable to the city of net profits earned and accrued or received of **all nonresident associations, unincorporated businesses professions** of other entities derived form sales made, work done or services performed or rendered and business or other activities **conducted in the city whether or not** such association or other unincorporated business entity has an **office or place of business in the city**
- (6) on portion of the distributive share of the net profits earned and accrued or received of a **resident partner or owner of a nonresident association** or other **incorporated business entity** not attributable to the city on which the tax was not paid by the entity
- (7) on the portion attributable to the city of the net profits eared and accrued or received of **all corporations** derived from sales made work done services performed or rendered and business or other activities conducted in the city **whether or not such corporations have a place of business in the city**
- (8) On all income received as gambling winnings as reported on IRS Form W-2G, Form 5754 and/or any other form required by the Internal Revenue Service that reports winnings from gambling.
- (9) **a pass through entity** residing in or doing business in the city shall be taxed at the entity level

Source: <http://www.ci.centerville.oh.us/>

\$2,820,000	Total 2010 Road Projects Montgomery County	
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2010 Bridge Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2010 Bridge Projects Washington Township	
\$1,880,000	Total 2010 Bridge Projects Montgomery County	

2011 Road Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2011 Road Projects Washington Township	
\$3,330,000	Total 2011 Road Projects Montgomery County	

2011 Bridge Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2011 Bridge Projects Washington Township	
\$2,000,000	Total 2011 Bridge Projects Montgomery County	

Source: 2007 Montgomery County Budget, pp. B11-B15

2008 Bridge Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement	Alex-Bell Road	\$159,000
\$159,000	Total 2008 Bridge Projects Washington Township	
\$2,030,000	Total 2008 Bridge Projects Montgomery County	

2009 Road Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2009 Road Projects Washington Township	
\$2,970,000	Total 2009 Road Projects Montgomery County	

2009 Bridge Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2009 Bridge Projects Washington Township	
\$1,780,000	Total 2009 Bridge Projects Montgomery County	

2010 Road Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2010 Road Projects Washington Township	

**Attachment IV.3: Montgomery County Engineer 5 Year Plan**

2007 Road Projects		
Architectural and Engineering Cost	Austin Road Improvements	\$375,000
	Social Row Road Improvements	\$200,000
	Sr. 48 and Social Row	\$20,000
\$775,000	Total	
Land Acquisition	Yankee Street Improvements	\$250,000
\$250,000	Total	
Construction and Improvement		\$0
\$845,000	Total 2007 Road Projects Washington Township	
\$3,700,000	Total 2007 Road Projects Montgomery County	

2007 Bridge Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement		\$0
\$0	Total 2007 Bridge Projects Washington Township	
\$1,750,000	Total 2007 Bridge Projects Montgomery County	

2008 Road Projects		
Architectural and Engineering Cost		\$0
Land Acquisition		\$0
Construction and Improvement	Yankee Street Improvement	\$305,000
\$305,000	Total 2008 Road Projects Washington Township	
\$3,050,000	Total 2008 Road Projects Montgomery County	

<p>If you could change something about the community, what would it be?</p>	<p>Three (3) residents said they would change nothing. Others:</p> <ul style="list-style-type: none"> <li>• Have the merger (1)</li> <li>• Beautify entrances (1)</li> <li>• More sidewalks for children (1)</li> <li>• Traffic (1)</li> <li>• Ability to work with Township (1)</li> </ul>	<p>Three (3) resident said they would change nothing. Others:</p> <ul style="list-style-type: none"> <li>• Lack of Community co-operation (2)</li> <li>• Lack of property regulation (1)</li> <li>• Centerville becomes a Township (1)</li> <li>• Informed residents (1)</li> <li>• Township government (1)</li> </ul>
<p>Have you had a previous position with the City or Township?</p>	<p>Four (4) residents have had positions in the City or Township Three (3) have not</p>	<p>Five (5) residents have had a position with the City or Township Two (2) have not</p>

<p>In your opinion, what groups in the community are most likely to <b>oppose</b> a merger? e.g., Businesspeople &amp; professionals Homeowners Retired persons</p>	<p>Six (6) residents claimed Township residents would be likely to oppose a merger. Others:  <ul style="list-style-type: none"> <li>Township Businesses (2)</li> <li>Township homeowners (1)</li> </ul> </p>	<p>Three (3) residents claimed that Township businesses would be likely to oppose a merger. Others:  <ul style="list-style-type: none"> <li>Township Residents (2)</li> <li>Everyone (1)</li> <li>Uniformed people (1)</li> <li>Those affected by income tax (1)</li> <li>Township officials (1)</li> </ul> </p>
<p>Are there any services of your jurisdiction that might be better or worse if the two were to merge into one city?</p>	<p>Three (3) residents believe police service would be better. Others:  <ul style="list-style-type: none"> <li>Street engineer services better (2)</li> <li>Services will stay the same (2)</li> <li>Zoning better (1)</li> <li>Parks better (1)</li> <li>Overall government better (1)</li> <li>Better services at same price (1)</li> <li>Yes better services (1)</li> </ul> </p>	<p>Five (5) residents claimed that service will not change Others:  <ul style="list-style-type: none"> <li>Trash collection would be a problem (1)</li> <li>Building inspection better (1)</li> <li>Zoning will be improved (1)</li> </ul> </p>
<p>Could we please ask you how long you have lived in the City/Township?</p>	<p>11 years (and 20 years in Township) 13 years (2 respondents) 19 years 21 years (and 5 years in Township) 40 years 48 years</p>	<p>7 years 18 years 20 years 24 years 36 years 50 years (2 respondents)</p>
<p>What do you like best about living in the City/Township?</p>	<p>Five (5) residents claim civic pride. Others:  <ul style="list-style-type: none"> <li>Schools (3)</li> <li>Neighborhood (3)</li> <li>Community life style (3)</li> <li>Safe (1)</li> <li>Quiet (1)</li> </ul> </p>	<p>Two (2) residents claim excellent services. Others:  <ul style="list-style-type: none"> <li>Quiet (2)</li> <li>Township government (2)</li> <li>Friendly (1)</li> <li>Very nice (1)</li> <li>No difference between areas (1)</li> <li>Little/no violence (1)</li> <li>No income tax (1)</li> <li>Open Space (1)</li> <li>Liked Residence (1)</li> </ul> </p>

Higher or lower taxes	Higher: (0) Lower: (5) Neutral: (2)	Higher: (3) Lower: (3) Neutral: (1)
Improved political presence in county or the region	Yes: (7) No: (0) Neutral: (0)	Yes: (3) No: (3) Neutral: (1)
More resources to enhance quality of life, such as improved parks and recreation or streets	Yes: (5) No: (0) Neutral: (2)	Yes: (1) No: (2) Neutral: (4)
Higher quality services	Yes: (4) No: (2) Neutral: (1)	Yes: (2) No: (2) Neutral: (3)
More professional government	Yes: (6) No: (0) Neutral: (1)	Yes: (3) No: (3) Neutral: (1)
Attract better personnel to government	Yes: (3) No: (1) Neutral: (3)	Yes: (2) No: (3) Neutral: (2)
Ability to better plan and coordinate economic development	Yes: (7) No: (0) Neutral: (0)	Yes: (3) No: (1) Neutral: (3)
In your opinion, what groups in the community are most likely to favor a merger? e.g., Businesspeople & professionals Homeowners Retired persons	Four (4) residents claimed City residents are likely to favor a merger. Three (3) claimed retired persons were likely to favor a merger. Three (3) residents claimed business people were likely favor a merger. Others: <ul style="list-style-type: none"> <li>Home Owners (2)</li> <li>Anyone who believes their taxes will be cut while maintaining services (2)</li> </ul>	Three (3) residents claimed informed people would likely favor a merger. Three (3) residents claimed City residents would likely favor a merger. Others: <ul style="list-style-type: none"> <li>City Government (1)</li> <li>No one (1)</li> </ul>

## Attachment IV.9: Interview with Montgomery County Engineer

To: Greg Horn, City Manager  
From: Kristen Gopman, Assistant to the City Manager  
Date: May 21, 2008  
Re: 5/19/08 Meeting with Montgomery County Engineer and Staff

Below is a summary of the meeting held this week as it relates to the City of Centerville/Washington Township merger discussions:

- The County Engineer is facing funding cuts and there is uncertainty for projects scheduled after 5 years.
- Nutt Road & 48 project in Washington Township currently will not proceed any further due to environmental concerns.
- 48 & Social Row project to build left turn lanes is planned, construction is anticipated next year possibly in the Summer and is funded by ODOT. The County would contribute until complete if a merger occurred.
- Clys & Spring Valley project scheduled for 2013, could be moved back to 2014 but will not occur before 2013. Traffic study has been completed, County offered City copy of study if desired. Total project cost is \$1.9 million.
- Austin & Yankee project is currently estimated with approximately 25% Centerville funds. City funds portion and enhancements of Yankee Street from Austin Pike to Winding Green Way (\$1,525,561) with total project cost of \$5.1 million with funding from City, County, federal STP grant and possible OPWC grant/loan with construction beginning 2013. Washington Township funds portion and enhancements of Austin Pike from Washington Church to Yankee Street (\$1,434,275) with total project cost of \$7.5 million with funding from Township, County, federal STP grant and possible OPWC grant/loan with construction beginning 2013. The County would contribute until complete if a merger occurred.
- 725 & Yankee is a state intersection and nothing is planned or scheduled.
- There is a signal project anticipated this year for Sheehan & Social Row intersection. The County would contribute until complete if a merger occurred.
- Yankee Street from south of Lyons to Bethany Commons Trail project is anticipated for construction in 2010 with approximately \$2.5 million for construction and \$0.5 million for right-of-way. The County would contribute until complete if a merger occurred.

- Social Row widening from Yankee Street to State Route 48 is scheduled for 2016-2020 timeframe in the MVRPC Long Range Transportation Plan.
- Alex Bell bridge replacement will occur in 2010 with 80% federal funding and no local share, if a merger occurred there would be no change in this project.
- If a merger occurred, the City would take on traffic signals and also responsibility for bridges and culverts wholly within the new corporation limits. Bridges and culverts on roadways that penetrate the new corporation limits remain the responsibility of the Montgomery County Engineer. The City currently pays the Montgomery County Engineer's office to inspect bridges and would expand to add any new bridges as result of a merger.
- If a merger occurred, the Montgomery County Engineer's office would help finish any scheduled projects and would turn over jurisdiction immediately after merger is official.