



City of Powell

2018 Citizen Financial Review Task Force
Final Report to City Council
June 2018

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Introduction & Charge of the Task Force

Powell experienced spurts of rapid growth during the past 30 years. New development meant that the developer – not Powell – paid to construct the infrastructure supporting that development. Although developers paid to construct infrastructure, the City owned it. New infrastructure requires little maintenance, which has allowed Powell to defer most infrastructure maintenance expenses. What little funds Powell did spend on infrastructure maintenance came from the State Local Government Fund (LGF), gasoline taxes and estate taxes. For the past 30 years, the City has relied on these three factors (developer construction, minimal maintenance needs for new construction, and the LGF/gas tax/estate tax revenue stream) to defer the costs to maintain City infrastructure.

Statehouse budget cuts to the LGF and elimination of the estate tax have devastated Powell's ability to fund infrastructure maintenance. The Powell City Council and the City Administration have prudently managed the City's budget to maximize the value to residents from these declining revenue streams. The City sought out grants to replace lost revenue, deferred infrastructure maintenance, and carefully allocated existing infrastructure maintenance funds to address only the most pressing needs. This triage approach enabled Powell to avoid addressing the urgent need for a sustainable funding source for infrastructure maintenance.

City Council and City Administration recognized that the triage approach is unsustainable over the long term. In 2010, City Council presented the voters with a proposal to change Powell's income tax to provide additional funding for City operations, including infrastructure maintenance. That proposal failed at the ballot box. Opponents noted that the 2010 proposal did not guarantee that the City would devote increased revenue to infrastructure.

By 2017, City Council recognized that the City could no longer meet its obligations to provide residents with safe, secure, and appropriate infrastructure improvements if the City continued to rely on the triage approach for infrastructure maintenance. City Council began to explore alternatives to hear and incorporate resident input into any solution City Council proposed. Council Members proposed a citizen task force to investigate the facts, determine the scope of the problem, and recommend solutions to City Council. On January 2, 2018, City Council unanimously adopted [Resolution 2018-03](#). The Resolution appointed the following Task Force Members:

Mike Barker	Jeff Gardiner	Tom O'Brien
Richard Cline (Chair)	Ross Gillespie	Eric Prall
John Cruise	Lisa Gruebel	Randall Sampson
Bruce Dorstewitz	Terry Hoppmann	Craig Sedoris
Christina Drummond	Tom Jedlinsky	Vicki Vendramin
Tom Ewers	Heather Robinson Lindsey	Barb Walters

Introduction & Charge of the Task Force

City staff provided invaluable input to the Task Force efforts. The Task Force wants to recognize and thank the following staff members for their contributions to this effort:

Steve Lutz, City Manager

Chris Huber, City Engineer

Debra Miller, Finance Director

John Moorehead, Asst. City Engineer

Megan Canavan, Communications Director

Gary Vest, Chief of Police

Jessica Marquez, Asst. Finance Director

David Betz, Development Director

Silas Bowers, Asst. Director of Parks,
Public Service, and Recreation

Rocky Kambo, Asst. Development Director

City Council charged the Task Force to address four concerns:

- Review City cost-containment efforts to date and identify any additional cost-containment efforts the City should implement;
- Determine the long-range financial impacts of revenue losses and reductions, structural changes to the overall revenue stream resulting from these reductions, and their impacts to operating and capital improvement budgets looking forward;
- Assess the potential for strengthening long-term revenue prospects through all available means, and
- Review and identify long-term capital needs and potential funding sources.

City Council instructed the Task Force to report its findings and recommendations by June 30, 2018.

After reviewing Council's instructions and gathering data, the Task Force identified funding maintenance of the City's existing infrastructure as the most immediate financial problem facing Powell. The Task Force Report and Recommendation addresses this critical concern. The Task Force recognizes that City residents may want new infrastructure improvements, including a recreation center for Seldom Seen Park, additional parking in the downtown area, and bike path connectors. However, the Task Force limits its recommendation to the basic funding necessary to maintain the City's existing infrastructure and recommends that City Council consider other funding sources for new infrastructure development.

Executive Summary

Methodology

On January 9, 2018 the newly established Powell Citizen Financial Review Task Force convened for the first time. Over the next six months, the Task Force spent more than 300 volunteer hours to complete an in-depth analysis of the City's revenue sources, capital improvement needs, and expenditures.

The Task Force met seven times as a group. Three individual committees (Revenues, Capital Needs, & Expenditure Review) gathered more frequently. The committees conducted a thorough and comprehensive review of all City departments including numerous interviews with City staff. Task Force members participated in an [infrastructure tour](#) across the City to see firsthand the capital improvement needs of Powell's neighborhoods. In the end, the Task Force built consensus around the following findings and recommendations.

Task Force Findings

The Task Force estimates that the City must spend an additional \$2,000,000 per year, over the next ten years, to effectively address the currently deferred infrastructure needs.

In recent years, the State has significantly reduced revenue streams to the City. First, the State reduced the Local Government Fund (LGF) annual payments to Ohio municipalities. Since 2011, Powell has experienced a 57% reduction in these payments. Next, the State eliminated the Estate Tax. In total, these State actions eliminated approximately \$567,000 in annual City revenue.

These significant revenue reductions along with community growth where maintenance was never budgeted for has forced the City to triage its infrastructure maintenance for the last several years. This has led to a steady decline of the City's streets, bridges, storm sewers, traffic signals, sidewalks, bike paths, and park facilities. The costs for these repairs are not linear from year-to-year but increase dramatically as the infrastructure ages without proper upkeep. Currently, the City spends approximately \$500,000 per year on infrastructure maintenance, funded primarily from the Gasoline Tax.

The Task Force evaluated funding infrastructure maintenance through cost reductions alone. Although the City has been conservative in its spending over the last decade, a hypothetical 4% budget reduction across the board was explored to determine the impact on City services. These budget cuts would only raise approximately \$330,000 per year but would severely impede the City from providing the level of safety and services Powell residents have come to expect.

Executive Summary

Task Force Recommendations

The Task Force proposes four primary recommendations. First, the City must generate \$2,000,000 each year of new revenue to discontinue the deferment of infrastructure maintenance. Second, to create this new revenue stream the Task Force recommends that City Council place a ballot measure before Powell residents asking them to moderately raise Powell's income tax rate from 0.75% to 1.15%, while increasing the credit from 0.25% to 0.50% for residents who pay taxes to the municipality in which they work. Third, the ballot measure must also require City Council to allocate not less than 25% of all income tax revenue to infrastructure maintenance. Finally, City Council should adopt a Capital Improvements Plan (CIP) to set forth a vision of future infrastructure projects throughout the City.

Conclusion

Over the last decade, Powell has experienced significant revenue losses while at the same time continuing to grow as a community. The City has absorbed these revenue losses and growth by maintaining a conservative and lean budget while deferring infrastructure maintenance. As a result, the City's infrastructure is rapidly aging and becoming increasingly more expensive as repairs are deferred. Therefore, adopting the Task Force recommendations outlined above is the most effective and equitable approach to ensure Powell's neighborhoods remain safe and properly maintained for all its residents.

Methodology of the Task Force

Initially, the Task Force met in plenary session to identify its [mission](#), establish goals, and gather background information about the current state of Powell infrastructure improvements. City Council Members Thomas Counts, Frank Bertone, Melissa Riggins and Mayor Jon Bennehoof addressed the Task Force to provide a Council perspective. Each Task Force member introduced themselves and gave a brief description of their background.

In the next two plenary sessions, City Finance Director Debra Miller and Assistant Finance Director Jessica Marquez provided an overview of municipal finance. This overview included a discussion of [revenue sources](#), [expenditures](#), and relevant legal limitations of municipal finance. They also discussed the City's existing [debt, debt repayment schedule, and debt capacity](#). Ms. Miller and Ms. Marquez were valuable resources and provided the Task Force with important historical and current data. City Manager Steve Lutz and City Communications Director Megan Canavan provided additional information and coordinated staff responses to Task Force requests for data.

The Task Force devoted its initial plenary sessions to fact-finding. Our mission was to identify the scope of Powell's current infrastructure, examine the sources and extent of current infrastructure maintenance funding, and determine whether current revenues adequately supported maintenance of the City's existing infrastructure. If the Task Force found that current revenues do not adequately support City infrastructure maintenance, the Task Force would recommend Council action to address the shortfall. To accomplish those goals, the Task Force identified three broad areas to investigate: Revenue, Capital Needs, and Expenditure Review. Task Force members broke up into committees to explore each of these topics in depth.

Committees operated autonomously, but with the support of City staff. Committee members selected their own chairperson and defined the scope of the committee's mission. By operating independently, committee members investigated the issues unconstrained by any preconceived notions of what might be appropriate issues to explore or solutions to recommend. City staff responded to committee questions. Task Force members investigated information from a variety of sources, including the [2015 Powell Comprehensive Plan](#), the [2016 Powell Popular Annual Financial Report](#), and the [2017](#) and [2018 Powell Budgets](#).

As the committees completed their work, the Task Force met in plenary sessions to hear committee progress reports. This allowed committee members to inform the Task Force of each committee's progress and provided a useful "feedback loop" that allowed Task Force members to ask questions and provide input to the committee to inform its work. Task Force members participated in an infrastructure tour around the City to see firsthand the capital improvement needs of Powell's neighborhoods.

Each committee created a report for the Task Force to review. Committee reports state the committee's factual findings/analysis and the committee's recommendation(s). The Task Force met in plenary sessions to receive the committee reports, discuss them, and approve them. The Task Force report includes the committee reports.

Methodology of the Task Force

The City posted notice of all Task Force plenary sessions and committee meetings, and all meetings were open to the public. In the web version of this report, **hyperlinks** allow the reader to connect directly to the source documents cited in this report. This report is available on the City of Powell website at <https://cityofpowell.us/government/powell-citizen-financial-review-task-force/>.

Capital Needs Committee Report

Findings & Analysis

1. The Capital Needs Committee met five times over the course of six months, including multiple meetings with personnel from the Powell City Engineer's Office and Finance Department, as well as a physical tour highlighting areas of Powell's current infrastructure that pose safety concerns. These meetings were in addition to the plenary session meetings of the Task Force.

2. Committee members:

Heather Robinson Lindsey (Chair)

Richard Cline

Bruce Dorstewitz

Thomas Jedlinsky

Tom O'Brien

Randall Sampson

Revenue Shortfall

The City of Powell no longer collects sufficient revenue to maintain its existing infrastructure (streets, bridges, storm sewers, traffic signals, street lights, sidewalks, bike paths, park facilities, etc.).

1. In years past, funding for infrastructure maintenance came primarily from gasoline taxes, estate taxes, and Ohio's Local Government Fund. While gasoline tax revenue has remained flat, the State has dramatically reduced the Local Government Fund and completely eliminated the estate tax.
2. Due to the aforementioned funding shortfalls, Powell has been able to dedicate only \$500,000 (approximately) for infrastructure maintenance, per year, for the last several years. The projected additional cost to maintain Powell's existing infrastructure is approximately \$2 million per year, over ten years. In 2018 and 2019, due to an ODOT requirement that local funds be matched to grant monies awarded for improvement of a portion of Sawmill Parkway between Seldom Seen Road and Home Road, only \$175,000 will be available each year for street maintenance.
3. Powell seeks out infrastructure grants whenever possible. However, grant-funding infrastructure maintenance is problematic, for three reasons. First, most infrastructure grants are means-tested, and affluent communities do not qualify. Secondly, infrastructure grants often require that the recipient contribute "matching funds" – which Powell does not have. Finally, grant-funding is unreliable. No community can plan its infrastructure maintenance based on an uncertain funding source like grant-funding.
4. Because of decreasing revenue, Powell has repeatedly deferred infrastructure maintenance.
5. The City needs an additional \$2,000,000 per year to adequately fund maintenance of existing city infrastructure. *See Exhibit A, (page 8).*

Capital Needs Committee Report

Exhibit A: Ten-Year Estimate of Infrastructure Maintenance Costs^{1,2,3}

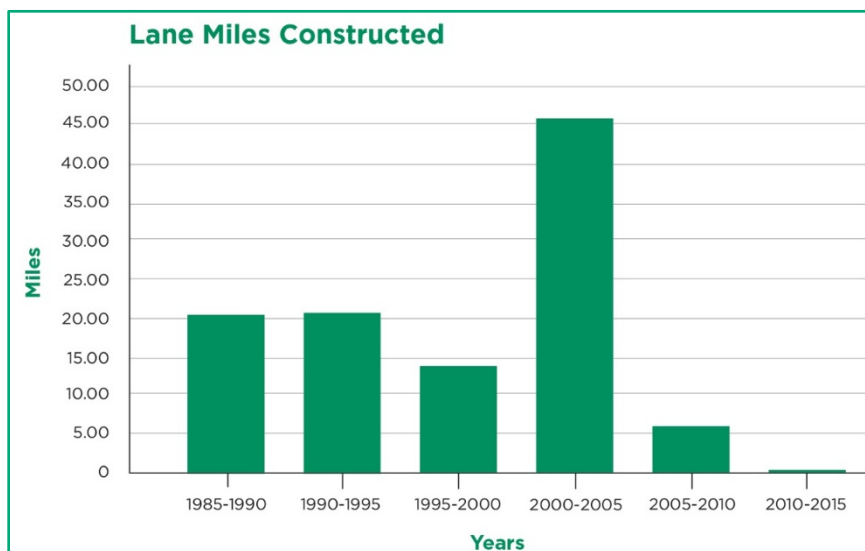
Infrastructure	Yearly Cost Estimate ¹	Periodic Cost Estimate ²	10-Year Cost Estimate ³
Street Maintenance	\$1,350,000		\$13,500,000
Street Reconstruction		\$750,000	\$750,000
Storm Sewer/Drainage Renovations		\$1,000,000	\$1,000,000
Bike Path Maintenance	\$125,000		\$1,250,000
Bike Path Reconstruction (Existing Only)		\$225,000	\$225,000
Street Light Renovations		\$750,000	\$750,000
Traffic Signal Renovations		\$675,000	\$675,000
CSX Tunnel Renovations		\$200,000	\$200,000
Park Renovations (Existing Only)		\$1,500,000	\$1,500,000
City-Owned Sidewalks	\$15,000		\$150,000
Subtotal Yearly Cost	\$1,490,000		
Total Cost Over 10-Year Period	\$14,900,000	\$5,100,000	\$20,000,000

Infrastructure Information

Powell's most expensive infrastructure assets are its streets, storm sewers, and bike paths.

Powell has approximately 120 lane miles of streets, 77 miles of storm sewers, and 24 miles of bike paths. Developers built most of those infrastructure improvements during the three phases of Powell's most active growth: 1986-1988, 1992-1994 and 2001-2005. The lane-miles constructed per year provides a visual representation of three phases of active growth. *See Exhibit B.*

Exhibit B: Lane Miles Constructed, 1985-2015



¹ Yearly costs recur annually and are estimated over a ten-year period.

² The Subcommittee estimates periodic costs will occur once in the next ten years.

³ 10-Year Cost Estimate accounts for inflation over a ten-year period.

Capital Needs Committee Report

The Committee spent considerable time reviewing the City Engineer's 14-element assessment regarding the structural integrity of Powell's various streets. The process includes:

1. A biannual inspection of every Powell street, including both surface and subsurface conditions.
2. The Engineering Department assesses each section of roadway utilizing the Ohio Department of Transportation (ODOT) Pavement Condition Rating (PCR) System, which considers the following elements: raveling, bleeding, patching, surface, rutting, map cracking, base failure, settlements, transverse cracks, wheel track cracking, longitudinal cracking, edge cracking, pressure damage/upheaval, crack sealing deficiencies, and disintegration/debonding/potholes.
3. The Engineering Department then calculates a PCR based on the above-noted elements. The PCR values range from 0 – 100, with less than 60 PCR being considered poor road conditions.
4. Powell's target average roadway PCR value is 80. Powell attempts to resurface roads when the PCR fall to 70 or below. These standards are commensurate with neighboring municipalities. Powell's standards for the construction of new roads are also commensurate with those of neighboring municipalities.
5. Powell's streets are aging—and age is the single greatest factor leading to road degradation.
6. The “four corners” of downtown Powell form the core of the Old Village. About 40 years ago, Powell began to develop the subdivision neighborhoods where most residents live. Powell experienced three intense periods of active growth: 1986-1988, 1992-1994 and 2001-2005. *See Exhibit B (page 8).* On average, a properly maintained residential road will last up to 30 years. Deferring routine maintenance means the City must replace roads more frequently – approximately every 20 years. Infrastructure improvements from the 1986-1988 and the 1992-1994 period are already more than 20 years old. Infrastructure improvements from the 2001-2005 period are rapidly approaching the 20-year mark.
7. Priority for road maintenance is accorded to roads that pose a safety issue, followed by major thoroughfares. Thereafter, Powell prioritizes road repairs based on the road's PCR value.

Powell's 77 miles of storm sewer and 497 catch basins serve a critical function in preserving the integrity of our roadways. They carry away rainwater that, if allowed to remain on and around roadways, would undercut the beds of the road, leading to the destruction of the aboveground roadways. Storm sewers also prevent flooding of the roadways, which is a major safety issue for drivers during storm events.

Capital Needs Committee Report

There are three foreseeable scenarios regarding capital maintenance funding:

1. Scenario 1 (Status Quo): keep deferring maintenance and our roads, bridges, etc., will continue to deteriorate at a dramatic rate; eventually the infrastructure will fail. This is the most expensive option over time. *See Exhibit C: Scenario 1 (page 11).*
2. Scenario 2 (Committee Recommendation): find a way to generate the additional \$2,000,000 needed every year to eliminate the deferred maintenance backlog and maintain our existing infrastructure at pre-funding-decrease levels (for example, maintaining roadway PCR values at 80); *See Exhibit D: Scenario 2 (page 12).*
3. Scenario 3 (Higher Standards): generate sufficient revenue to allow for more frequent road resurfacing (for example, maintaining roadway PCR values above 80).

The Committee presents Scenario 1 and Scenario 2 in chart form to allow the reader to compare existing (2018) roadway conditions with projected conditions based on maintaining existing funding for infrastructure maintenance versus the Task Force's proposal to increase infrastructure maintenance funding by \$2,000,000 annually.

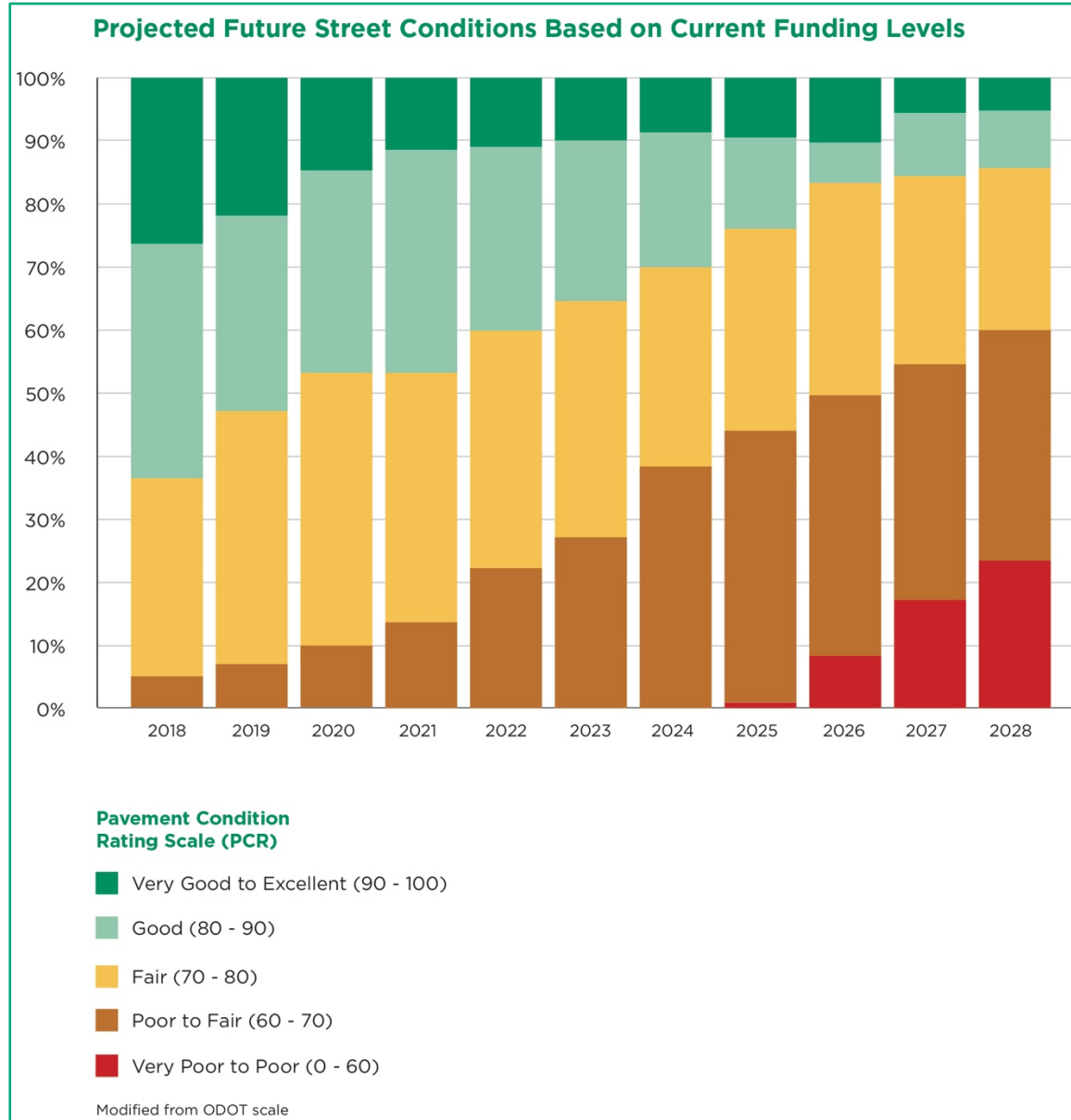
Any estimate of the condition of Powell's street network is a snapshot in time. Exhibit E charts the Projected Average Street Network PCR Rating for Powell under scenario 1 and scenario 2. This allows the reader to see the rapid decline in average PCR rating if the City does not act. *See Exhibit E (page 13).*

The Committee also presents photographs depicting Powell streets with PCR values of 55 (*Exhibit F-1, page 14*), 70 (*Exhibit F-2, page 14*), and 80 (*Exhibit F-3, page 15*). These photos allow the reader to visually see the consequences of Powell's failure to perform routine infrastructure maintenance.

Finally, the Committee reminds the reader that infrastructure includes more than streets. Bike paths and parks are an integral part of the Powell community fabric. The condition of the pedestrian tunnel under the CSX railroad that connects Adventure Park and Beechwood Park illustrates the problems that flow from deferred capital infrastructure maintenance. *See Exhibit F-4 (page 15).*

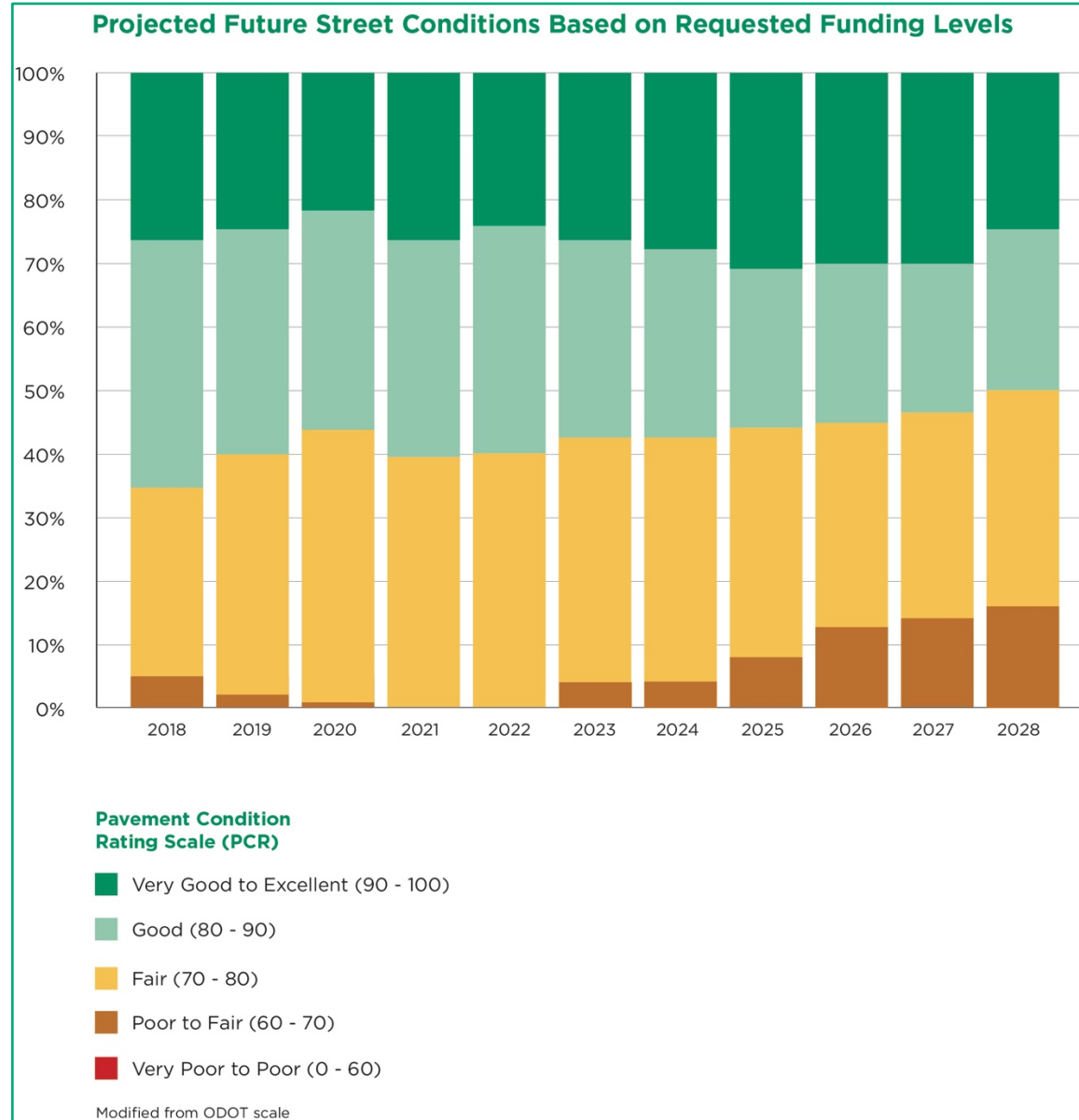
Capital Needs Committee Report

Exhibit C: Scenario 1



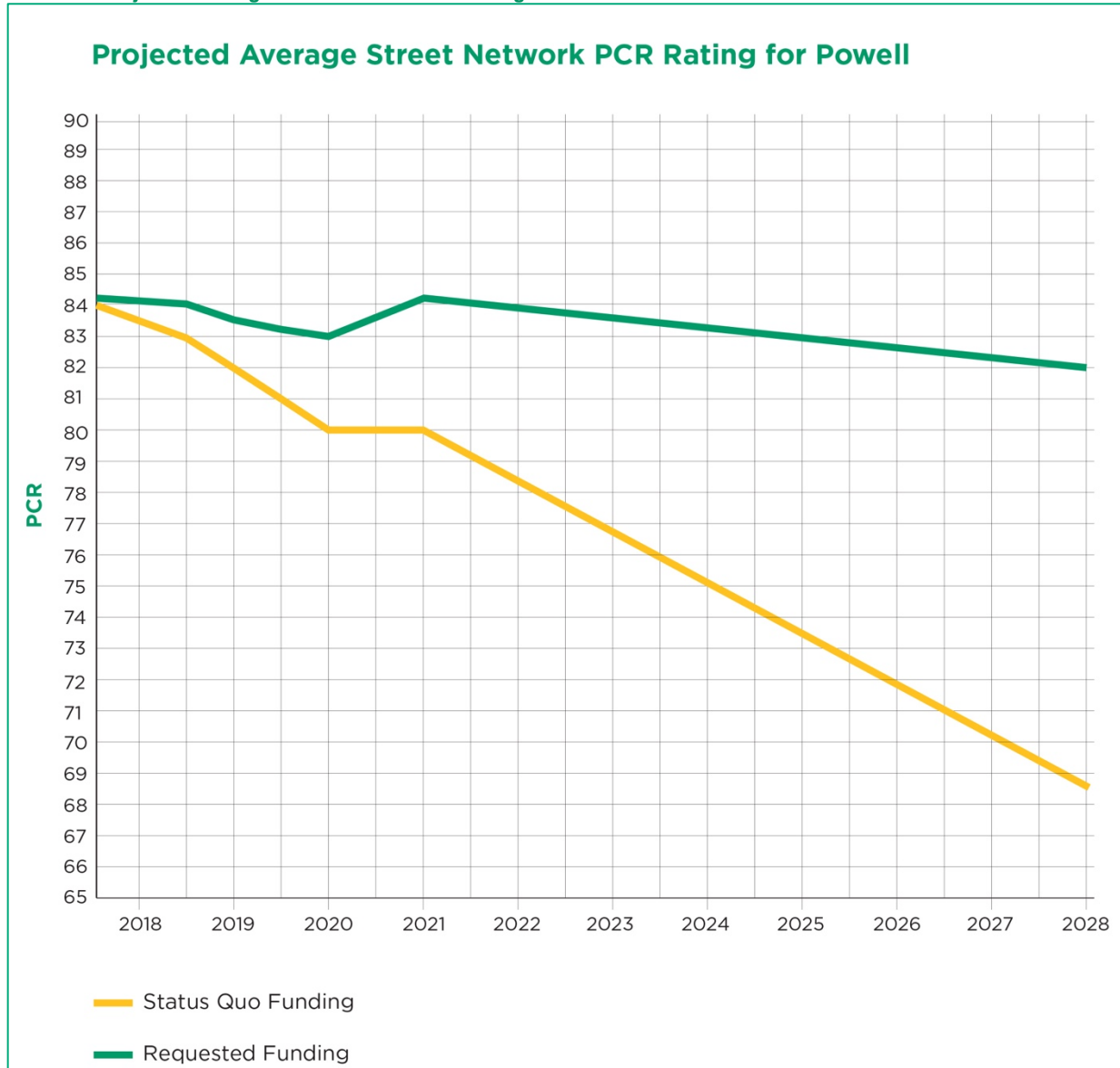
Capital Needs Committee Report

Exhibit D: Scenario 2



Capital Needs Committee Report

Exhibit E: Projected Average Street Network PCR Rating for Powell



Capital Needs Committee Report

Exhibit F-1: Adventure Park, PCR 55



Exhibit F-2: Manderly Court, PCR 70



Capital Needs Committee Report

Exhibit F-3 Retreat Lane, PCR 80



Exhibit F-4, Pedestrian Tunnel, Adventure Park



Capital Needs Committee Report

Severe revenue cuts have forced Powell to triage its infrastructure maintenance for the last several years. The Capital Needs Committee proposes that the residents provide a sustainable revenue source to fund maintenance of existing infrastructure and end the practice of triage maintenance. This proposal addresses a backlog of deferred maintenance and funds current maintenance needs. The Committee recognizes that residents would like new infrastructure improvements, including a recreation center for Seldom Seen Park, additional parking in the downtown area, and bike path connectors. However, the Committee limits its recommendation to the basic funding necessary to maintain the City's existing infrastructure and recommends that City Council consider other funding sources for new infrastructure development.

Proper maintenance of Powell's infrastructure isn't just about aesthetics—regular maintenance saves money over the long-term because it delays complete reconstruction of the infrastructure, improves safety, and positively impacts the market value of homes and business properties.

Capital Needs Committee Recommendations

1. There are three foreseeable scenarios regarding capital maintenance funding:
 - a. Scenario 1 (Status Quo): keep deferring maintenance and our roads, bridges, etc., will continue to deteriorate at an exponential rate; eventually the infrastructure will fail. This is the most expensive option over time. *See Exhibit D: Scenario 1 (page 11).*
 - b. Scenario 2 (Committee Recommendation): find a way to generate the additional \$2,000,000 needed every year to eliminate the deferred maintenance backlog and maintain our existing infrastructure at pre-funding-decrease levels (for example, maintaining roadway PCR values at 80); *See Exhibit D: Scenario 2 (page 12).*
 - c. Scenario 3 (Higher Standards): generate sufficient revenue to allow for more frequent road resurfacing (for example, maintaining roadway PCR values above 80).

The Capital Needs Committee recommends Scenario 2 as the most cost-effective and sensible option.

City Council should establish a Capital Improvements Plan (CIP) to take advantage of economies of scale, reduce mobilization costs, and leverage Powell's capital improvement funds. Establishing a CIP allows the City to plan projects based on infrastructure repair or maintenance needs, not based on available funding. In conjunction with a stable funding source, a CIP allows the City to engage in multi-year planning. It also allows the City to time the bidding process to take advantage of down market opportunities.

Expenditure Review Committee Report

Findings & Analysis

1. The Expenditure Review Committee met three times over the course of six months. These meetings included personnel from the City of Powell: Debra Miller, Finance Director; Steve Lutz, City Manager; and Gary Vest, Chief of Police. Additionally, committee members attended the physical tour highlighting areas of Powell's infrastructure that pose safety concerns. These meetings were in addition to the plenary session meetings of the Task Force.
2. Committee members:

Mike Barker (Chair)	Ross Gillespie
John Cruise	Lisa Gruebel
Tom Ewers	Vicki Vendramin
3. Research
 - a. The Committee reviewed the details of Powell's finances with the full cooperation of Powell's Finance Director, Debra Miller. The mission of the Committee was to analyze opportunities for cost reductions and associated trade-offs.
 - b. The Committee's Goals:
 - i. Review and understand how Powell's tax dollars are accounted for and spent.
 - ii. Understand recent changes to state law that have significantly reduced the amount of money available to the City of Powell from revenue streams that were used to cover necessary infrastructure maintenance.
 - iii. Review a detailed assortment of financial data in the major areas of city spending across all departments such as Police, Building, Engineering, Parks & Recreation, Public Service, and Legal.
4. The Cost Cutting Option
 - a. The Committee explored the idea of a 4% reduction in overall city expenses.
 - b. The net gain would be approximately \$330,000 in money "saved," annually.
 - c. Notable services and programs that could be severely impacted or eliminated:
 - i. Weakened police services with cuts to police officers, office personnel, and training.

Expenditure Review Committee Report

- ii. Decreased Parks & Recreation upkeep and maintenance.
- iii. Reduction in building and development department services.
- iv. Decline in public services, including the sidewalk program and snow removal personnel.

5. The Cost Avoidance Option

- a. The Committee conducted a comprehensive review of Powell's finances and discovered that cost avoidance, conservative spending, and lean budgeting practices have been the top priority of the City and strike the correct balance of sustainable spending aligned to growth.
- b. One indicator of this conservative spending and cost avoidance approach is Powell's low level of total expenditures per capita compared to similar communities:

Exhibit G: Central Ohio Area Per Capita Expenditures

Central Ohio Area Per Capita Expenditures								
	General Government	Public Safety	Public Services	Parks and Recreation	Community Development	Total Expenses	Population	Total Expenses per Capita
Pickerington	2,539,460	5,596,622	3,152,322	727,661	947,600	12,963,665	19,745	\$656.55
Powell	2,077,962	2,978,513	3,807,186	1,104,229	1,230,203	11,198,093	12,750	\$878.28
Gahanna	4,535,792	11,239,302	5,485,406	4,636,591	4,866,823	30,763,914	33,784	\$910.61
Delaware	5,524,652	19,992,138	6,303,601	3,053,700	1,364,230	36,238,321	38,643	\$937.77
Upper Arlington	10,491,306	18,921,660	6,688,176	3,657,395	912,157	40,670,694	34,465	\$1,180.06
Grove City	18,195,625	12,313,322	8,581,839	3,964,411	2,014,290	45,069,487	36,784	\$1,225.25
Whitehall	9,298,376	15,289,561	4,453,924	786,491	779,237	30,607,589	19,657	\$1,557.08
Hilliard	12,247,477	10,955,413	17,001,479	4,442,567	3,856,330	48,503,266	29,331	\$1,653.65
Westerville	17,933,976	32,698,404	11,827,061	12,001,384	4,062,724	78,523,549	37,533	\$2,092.12
Dublin	31,773,909	15,428,164	38,157,133	23,492,424	7,916,745	116,768,375	46,286	\$2,522.76
Grandview Heights	3,590,566	6,196,665	2,421,724	1,500,914	5,467,462	19,177,331	7,014	\$2,734.15
Groveport	5,506,850	4,062,908	2,700,773	5,565,906	629,425	18,465,862	5,672	\$3,255.62

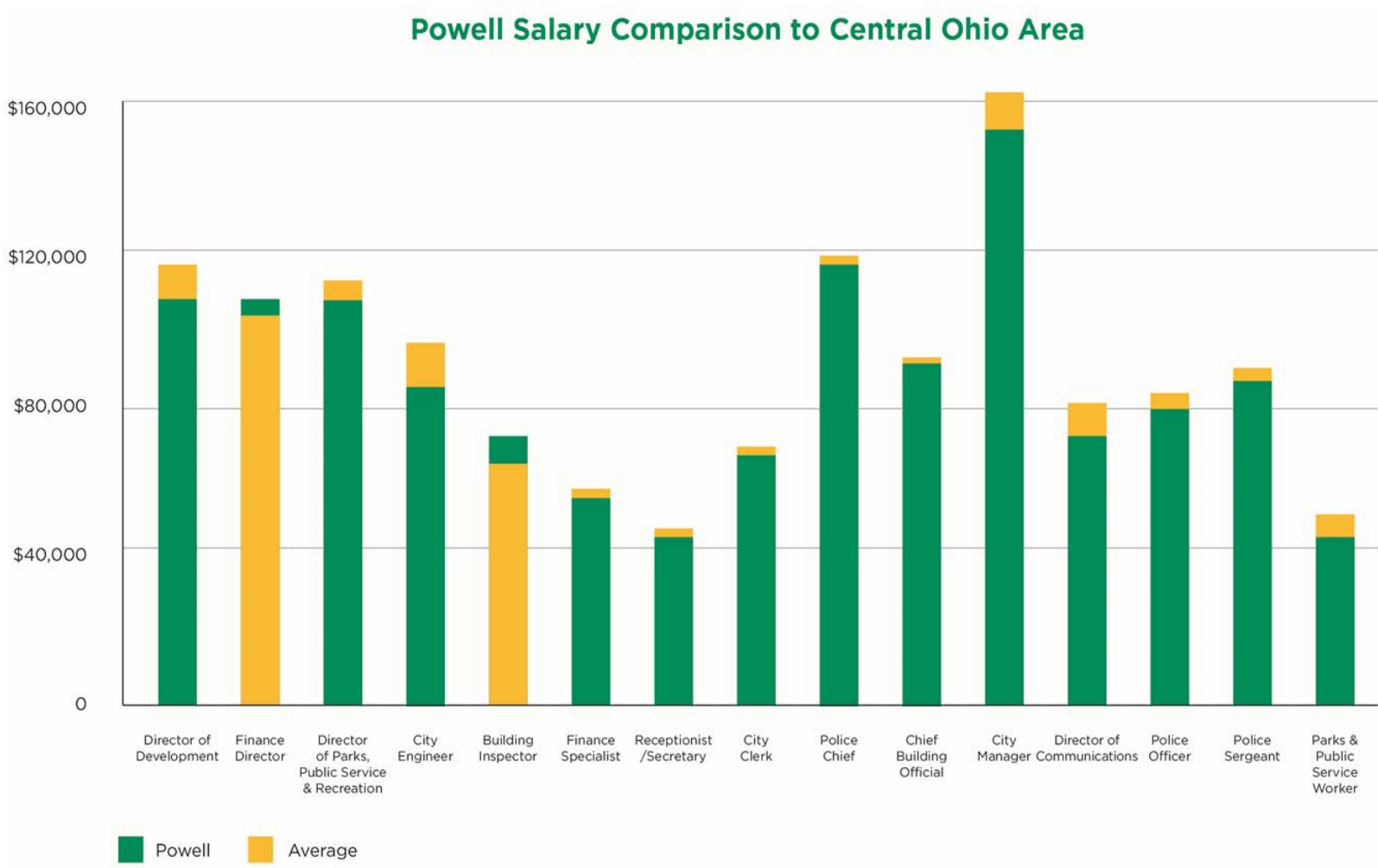
The City of Powell Personnel

1. Salaries and Wages

- a. A comparison of 'Employee Salaries' with similar communities in Central Ohio shows Powell to be lower than average. *See Exhibit H (page 19).*

Expenditure Review Committee Report

Exhibit H: Powell Salary Comparison



Expenditure Review Committee Report

b. Although Powell's average salaries are consistently below average, the City strives for talent retention of qualified and high performers. For example, below are several certifications and qualifications of various staff members:

- i. Two Professional Engineers (PE)
- ii. Two Certified Planners (AICP)
- iii. One Geographical Information Systems Professional (GISP)
- iv. Two Certified Public Accountants (CPA)
- v. One Chartered Global Management Accountant (CGMA)
- vi. Four FBI National Academy Graduates

2. Employee Health Insurance

a. While healthcare costs have increased dramatically throughout the country over the last decade, the City has managed increases well below the national average while maintaining competitive plans for staff:

- i. Implemented a high-deductible health savings account plan in 2010.
- ii. Currently participates in the Central Ohio Healthcare Consortium with ten other municipalities.

b. In 2018, the city compared rates through the Central Ohio Healthcare Consortium to the Affordable Care Act (ACA) and found the Consortium to be 16% lower.

3. Contract Labor

a. The City uses contract labor across various city departments as a cost-savings measure in lieu of higher cost full-time positions.

- i. City Attorney (2017 Actual: \$72,000 as a base contract).
- ii. Computer Maintenance (2017 Actual: \$57,000).
- iii. Also includes, tree trimming, assistance with building and engineering inspections, and janitorial services.

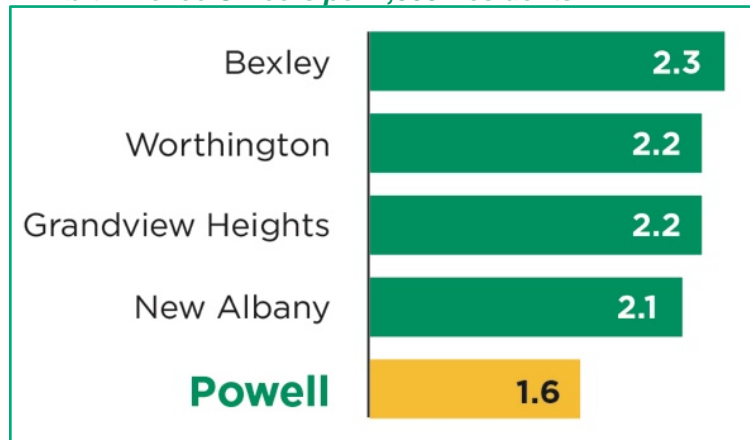
Expenditure Review Committee Report

The Powell Police Department

1. Police/Public Safety

- a. According to the [2018 Community Attitudes Survey](#), 95% of Powell residents are satisfied with the Powell Police Department. However, the department provides fewer officers per 1,000 residents compared to surrounding communities:

Exhibit I: Police Officers per 1,000 Residents



- b. The department offers competitive salaries but remain below average compared to surrounding communities – [see Exhibit H, \(page 19\)](#).
- c. The department strives to limit costs through close relationships and collaboration with neighboring police departments as well as federal and state law enforcement agencies.
- d. In recent years, the Powell Police Department has experienced a substantial increase in workload.

Potential annexation and development will continue to stress the police department. Increased land use and growth projects “dispatched calls” to rise 25% by 2022.

- e. Stacked calls have increased.

A stacked call is when all officers on duty are occupied with a previous call and are delayed in responding.

2013: 134

2016: 192

2014: 174

2017: 344

2015: 235

Expenditure Review Committee Report

- f. Response Times are rising slightly.

Response Time in minutes for Burglar Alarms:

2013: 4.78	2014: 4.83
2015: 4.93	2016: 5.00
2017: 5.10	

- g. The police department provides a variety of services that differentiate Powell from other communities.
 - i. Utilization of two full-time detectives to investigate felonies committed against Powell residents, including white collar crime, identify theft, and home and business burglaries.
 - ii. Vacation watch and preventative patrol notices.
 - iii. Free ink fingerprinting for residents and ability to complete background checks and certifications.
 - iv. Police K-9 trained as a dual purpose in patrol and narcotics, among other responsibilities.

Expenditure Review Committee Report

Conclusion

After a thorough and extensive review of the City's expenditures, the Committee found that Powell has absorbed significant revenue losses in recent years through conservative spending and lean budgetary practices. The Committee explored cutting 4% of the total budget to make funds available for infrastructure maintenance. However, not only would this reduction only yield a fraction of what the City needs for infrastructure upkeep it would reduce public services and dramatically compromise the City's safety. Finally, a comprehensive review of the Powell Police Department illustrated the effective work these first responders do each day and the positive impact they bring to the City.

Recommendations

1. Encourage the City of Powell to maintain its conservative spending practices.
2. Strongly support the Powell Police Department.
 - a. Public safety and fast response times are valued in the City of Powell.
 - b. Public safety has direct ties to property value for homeowners and businesses.
 - c. The alternative to the Powell Police Department would be to pass this robust workload on to the Delaware County Sheriff's Department, which would compromise service and greatly increase response times.

Revenue Committee Report

Findings & Analysis

1. The Revenue Committee met three times over the course of six months, including multiple meetings with personnel from the Powell Finance Department, as well as a physical tour highlighting areas of Powell's current infrastructure that pose safety concerns. These meetings were in addition to the plenary session meetings of the Task Force.
2. Committee members:

Jeff Gardiner (Chair)	Barb Walters
Terry Hoppmann	Eric Prall
Craig Sedoris	

Major Revenue Sources

1. Municipal Income Tax
 - a. The largest revenue source for the City is the income tax, currently set at 0.75% with a 0.25% credit for residents who pay taxes to the municipality in which they work. This tax rate applies to residents' earned income, employees working inside the City, and net profits of local businesses. *See Exhibit L (page 28).*
 - b. Income taxes are paid first to the municipality where the resident works and then to the municipality where they live. Approximately 60% of Powell taxpayers work outside the City and pay income taxes to another municipality.
 - c. Taxes paid to other municipalities by residents who work outside the City are not shared or reimbursed to Powell.
 - d. The City of Powell established its income tax rate of 0.75% in 1991 and it has remained unchanged.
 - e. Over 94% of Ohio municipalities have a higher income tax rate than Powell, including all of Central Ohio. *See Exhibit J (page 27).*
2. Development Fees
 - a. The second largest revenue source for the City is development fees. Powell has three departments (Building, Engineering, and Development) that work with developers, contractors and residents to inspect, review, plan, and enforce zoning regulations. These services have a fee that is assessed based on the work being requested.

Revenue Committee Report

- b. The City rigorously evaluates its fee schedule every other year to ensure its fees remain competitive and appropriately priced compared to surrounding municipalities.

3. Property Tax

- a. The third largest revenue source for the City is property tax. Property tax is comprised of two components:
 - i. Inside Millage (un-voted) – The City collects 1.2 mills for the general fund, which is dedicated to City services like police, parks, snow removal, and administration. The current 1.2 mills equate to \$36.75 annually per \$100,000 of property value.
 - ii. Outside Millage (voter approved) – The City currently collects an effective millage of 2.92 mills that exclusively pays the debt service on monies borrowed after the voters approved the bond issues. The current 2.92 mills equate to \$89.42 annually per \$100,000 of property value.
- b. Only 4% of the total property taxes that Powell residents pay goes to fund city operations. The remaining portion funds the Olentangy Local School District and other Liberty Township and Delaware County services. *See Exhibit K (page 27).*

Recent Revenue Trends

- 1. Recent State of Ohio legislative action has reduced annual revenue.
 - a. Since 2011, the City has lost approximately \$567,000 of revenue each year.
 - b. The State has dramatically reduced the annual payments from the Local Government Fund (LGF).
 - i. The LGF is the State of Ohio's general-purpose revenue-sharing program established in 1934.
 - ii. More recently, to balance Ohio's budget, state lawmakers began to reduce these distributions to local municipalities.
 - iii. In 2011, the City received \$385,000 from the LGF distributions. In 2017, that revenue stream had been reduced by \$225,000, a 57% reduction.

Revenue Committee Report

- c. The elimination of the Estate Tax.
 - i. The Ohio General Assembly eliminated the Estate Tax effective January 1, 2013.
 - ii. On average, between 2008 through 2012, the City collected \$342,000 annually from the Estate Tax.
- d. The State prohibits municipalities from charging a Sales Tax.
- 2. The Per Household Income Tax Deficit.
 - a. As a direct result of Powell's low income tax rate, the City incurs a deficit of just under \$200 per household annually as the average use of services are compared to the average amount of income tax paid by each household.
 - b. For example, in 2015, it was estimated that the average Powell household used approximately \$1,415 annually in City services (i.e. police, parks, administration, road, storm sewers, etc.).⁴
 - c. However, in 2015, the average Powell household contributed \$1,227 in income tax revenue.^{5,6}
 - d. This deficit equates to a net loss to the city of over \$820,000 per year.
 - e. The Committee found that most residential developments do not create a net positive revenue source for the City.

Opportunities to Increase Revenue

- 1. Development of Commercial Area
 - a. Currently, 14% of vacant commercial land is available for development throughout the City.
 - b. The total amount of commercial space in the City is approximately 1,790,000 square feet.
 - c. Approximately 5.9% remains vacant and available for lease. *See Exhibit M (page 28).*
 - d. For comparison, the City of Dublin currently has a 9.0% vacancy rate.⁷

⁴ 2015 City of Powell Comprehensive Plan (pg. 90).

⁵ 2015 City of Powell Comprehensive Plan (pg. 86).

⁶ City of Powell Finance Department.

⁷ COCIE / Xceligent.

Revenue Committee Report

- e. Most commercial development creates a net positive revenue source for the City.

2. Delinquent Tax Collection

- a. The City enrolls in a delinquent tax collection program each year that sends subpoenas to individuals who have not filed their City taxes. This program brings in between \$30,000 and \$50,000 annually.

Exhibit J: Central Ohio Municipal Tax Rates

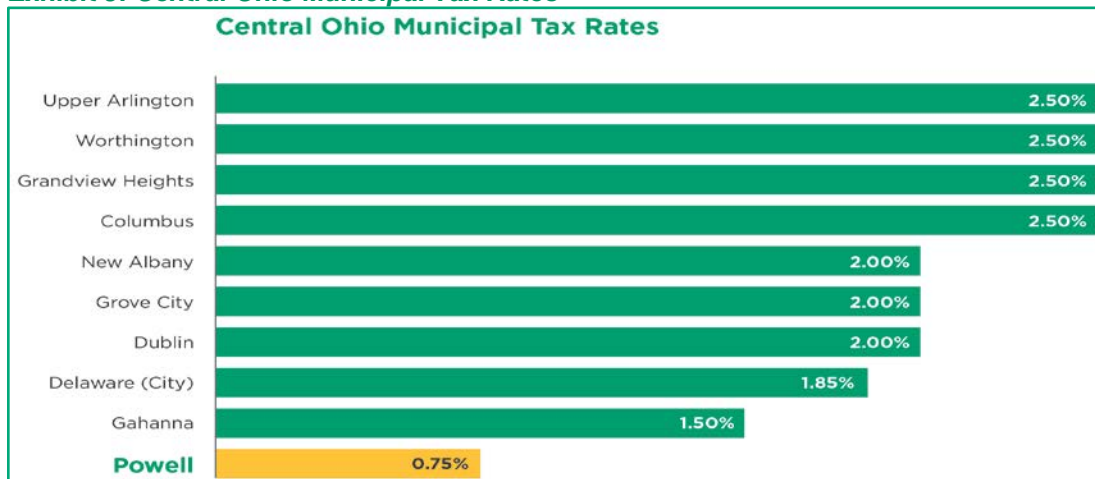
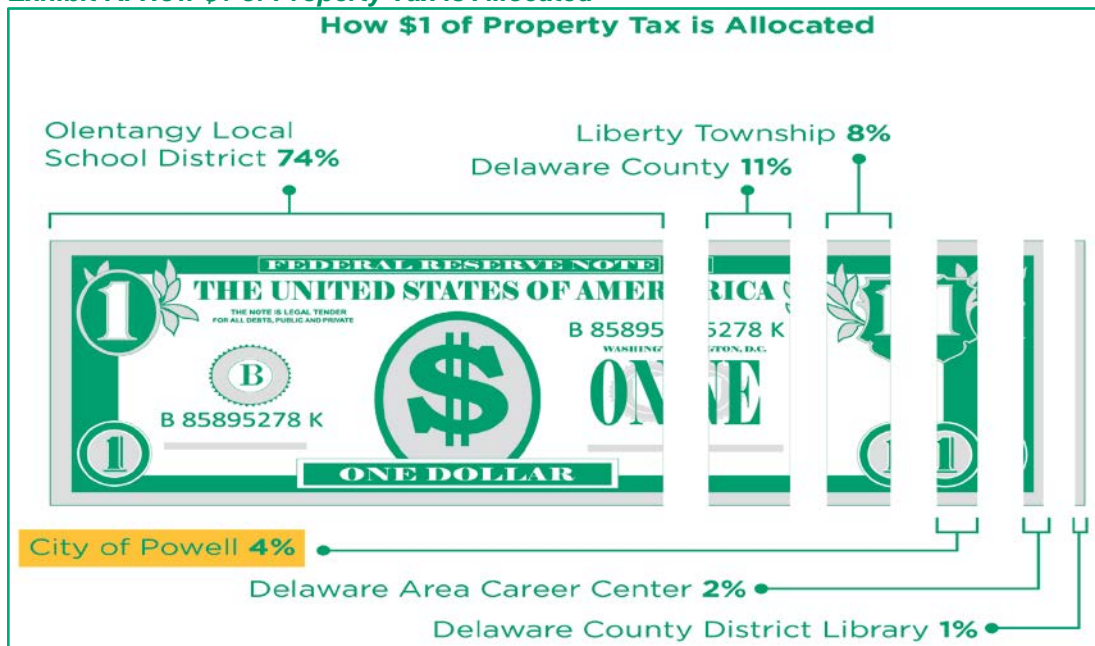


Exhibit K: How \$1 of Property Tax is Allocated



Revenue Committee Report

Exhibit L: General Fund Revenue Sources

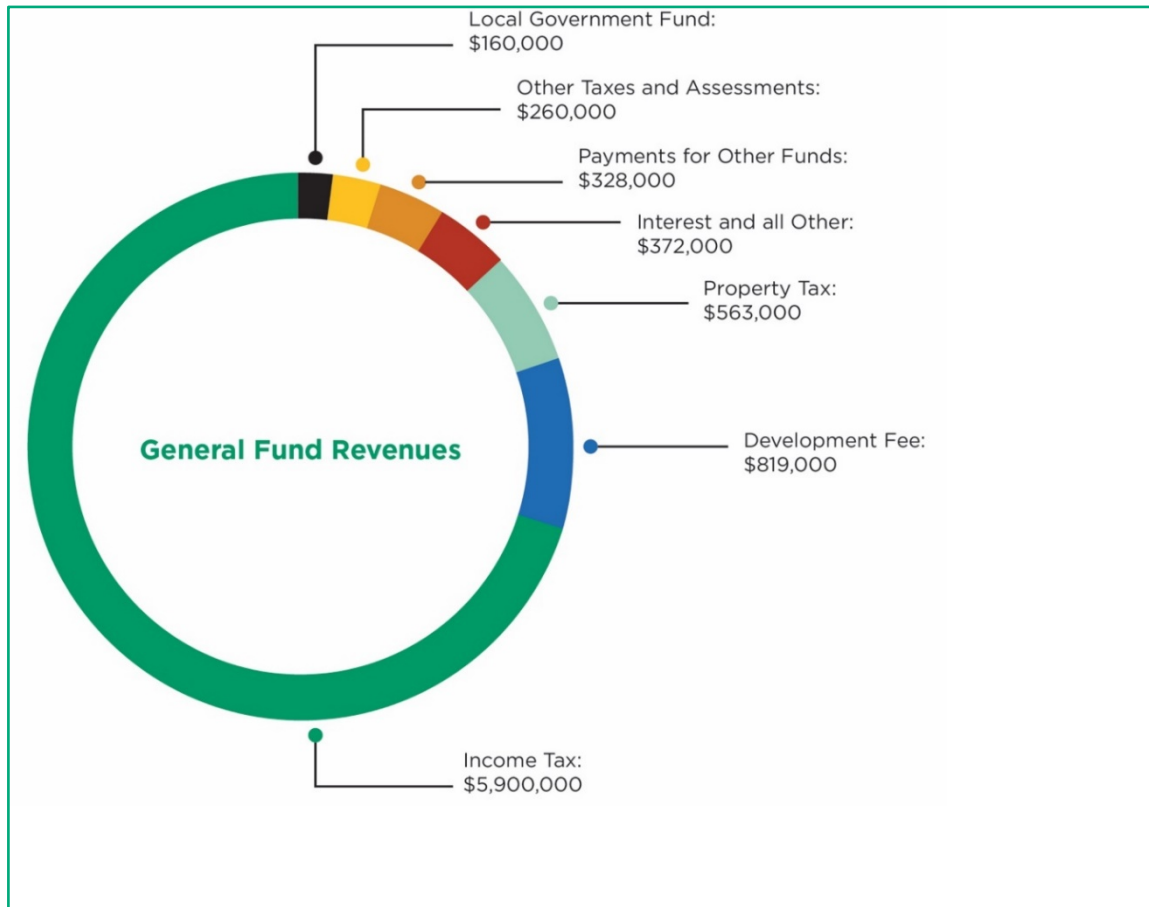
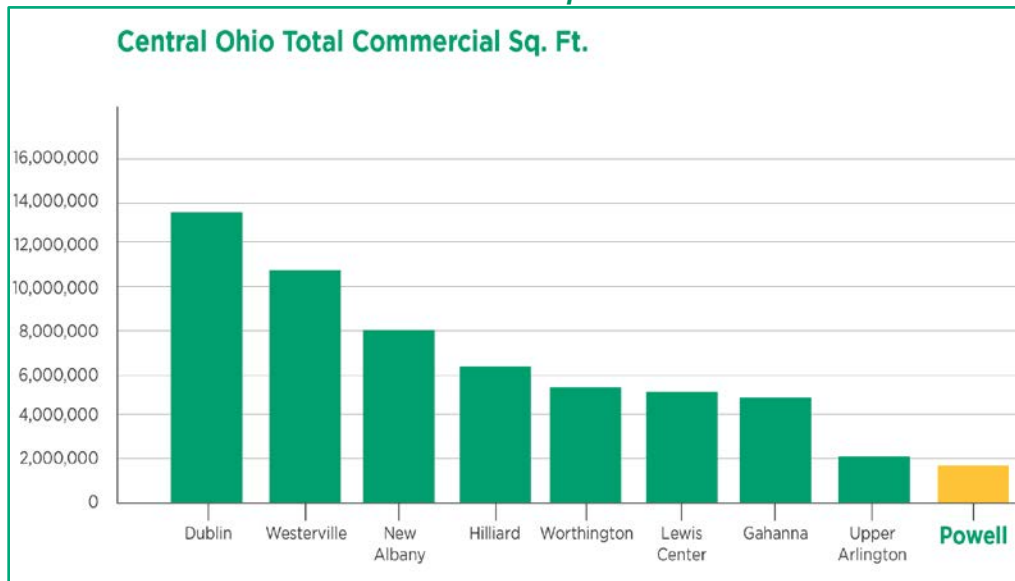


Exhibit M: Central Ohio Total Commercial Sq. Ft.



Commercial = Office, Industrial, and Flex properties only. This chart does not include retail properties.

Revenue Committee Report

Conclusion

Over the last decade, the City of Powell has experienced a steep decline in revenue. State actions have reduced the Local Government Fund (LGF) payments and eliminated the Estate Tax. The City has absorbed these reductions by making tough choices. The results of these choices have led to the deferment of infrastructure maintenance and the steady erosion of the City's streets, bridges, storm sewers, traffic signals, sidewalks, bike paths, and park facilities. Therefore, the Revenue Committee offers the following recommendations.

Recommendations

1. Propose a ballot measure to Powell residents asking them to moderately raise the income tax rate from 0.75% to 1.15% and increase the credit from 0.25% to 0.50% for residents who pay taxes to the municipality in which they work. *See Exhibit N (page 29).*
 - a. This uptick in the tax rate would raise approximately \$2,000,000 annually to fund the urgent maintenance of existing infrastructure and current city assets.
 - b. This approach maintains equity amongst all taxpayers and only raises what is necessary to avoid deferring vital infrastructure maintenance any longer.
 - c. Social Security and pension income is not taxed as earned income and therefore will NOT be impacted by this increase.
 - d. The income tax rate has remained unchanged for 27 years.

Exhibit N: Tax Rate per \$100,000 of Resident⁸ Income

Resident Earning \$100,000 per Year			
Resident Employment Location ⁸	Current Effective Tax Rate	Proposed Effective Tax Rate	Net Increase per Year
City of Powell	0.75%	1.15%	\$400
Other Municipality	0.50%	0.65%	\$150

2. Include within the ballot measure language to mandate that City Council adheres to a "75/25 Policy" that would require no less than 25% of all income tax revenue collected by the City to be designated to infrastructure maintenance. The remaining 75% would go to the General Fund.
 - a. Current law appropriates 100% of income tax revenue to the General Fund. For the first time, this recommendation would ensure a dedicated portion of the

⁸ Includes residents who live and work in Powell, as well as Powell residents who work in unincorporated areas, like Liberty Township, that do not have a municipal income tax.

Revenue Committee Report

City's income tax revenue is invested in the maintenance and improvement of existing City infrastructure.

- b. Lastly, this designation of funds will prevent the City's infrastructure from being neglected and increasingly become more expensive to remedy as it ages each year.
- 3. Explore the creation a Powell Business Registry.
 - a. Work to identify all the businesses that operate and pay taxes in Powell.
 - b. Publish this registry to better inform Powell residents on which businesses contribute to the City's needs.
- 4. Long-term capital improvement plan.
 - a. Require a long-term capital improvement plan to be crafted that will create more transparency and certainty around these projects vital to the City.
 - b. Prioritize the capital improvements projects within this plan to ensure the most critical projects are addressed first.

The Capital Needs Committee separately came to this same conclusion when they recommended the creation of the Capital Improvements Plan (CIP) – [See Page 16](#).

Conclusion

City Council asked the Powell Citizen Financial Review Task Force to conduct an in-depth analysis of the City's revenues and expenditures. Over the last six months, the Task Force devoted over 300 volunteer hours in plenary sessions, over 100 hours in committee sessions, and significant individual efforts to learn about Powell's financial condition and its budgeting practices. The Task Force educated itself about municipal finances, sources of municipal revenue, and legal limitations on municipal revenue. The Task Force thoroughly examined Powell's operating and capital budgets. Finally, the Task Force addressed the specific instructions City Council provided in Resolution 2018-03.

Powell Maintains One of the Lowest Income Tax Rates in Ohio

Powell has one of the lowest municipal income tax rates in the state: 0.75%, with a 0.25% credit for residents who pay taxes to the municipality in which they work. About 60% of Powell residents work in Columbus or other surrounding municipalities, where the workplace income tax rate is typically 2.5%. Those residents pay the full 2.5% to their workplace municipality, plus 0.50% to Powell, for an effective municipal income tax rate of 3.00%. Residents who work in Powell, or who work in unincorporated areas (like Liberty Township) where there is no income tax, pay an effective municipal income tax rate of 0.75%. Under Ohio law, income taxes paid to a work-place community stay in that community. Powell does not receive any portion of the municipal income taxes our residents pay to Columbus or neighboring municipalities.

Powell Manages its Existing Revenue Prudently

Powell is a bedroom community dependent upon income tax to support city services. The Task Force concludes that City Council and the City Administration have prudently managed City revenues by employing strategies of cost-avoidance, lean budgeting, and deferring infrastructure maintenance. These strategies allowed the City to avoid hiring excess staff, maximize the value of expended funds, and take advantage of developer-funded infrastructure improvements. Powell experienced three periods of intense growth: 1986-1988, 1992-1994 and 2001-2005. Developers paid to build most of the streets, sewers, and bike paths in Powell. For the better part of 30 years, Powell has enjoyed the benefit of relatively new infrastructure, which allowed Powell to defer routine infrastructure maintenance.

Continuing to Defer Infrastructure Maintenance is Not a Viable Option

Age has caught up with Powell's existing infrastructure, and deferred maintenance is no longer a viable option. The City must invest in repairs to its existing infrastructure now, to avoid more costly rebuilding of infrastructure later.

For nearly the past 30 years, Powell's rapid growth, prudent fiscal policies, and ability to defer infrastructure maintenance costs allowed Powell to fund its operating budget through an income tax that is a fraction of the prevailing rate in central Ohio and across the state. Powell's current municipal income tax rate adequately funds the current level of city operations but is insufficient to fund necessary infrastructure maintenance.

Task Force Recommendation


Fund Existing Infrastructure Maintenance

The Task Force recommends a modest increase in Powell's municipal income tax rate, from 0.75% to 1.15%, increasing the workplace tax credit from 0.25% to 0.50%, and allocating 25% of all income tax revenue to infrastructure maintenance. This proposal will generate the approximately \$2,000,000 in new revenue needed annually to properly maintain Powell's existing infrastructure. This will ensure that Powell devotes 100% of the increased income tax revenue to infrastructure maintenance.

The Task Force recognizes that this proposal does not provide funding for new capital projects. The Task Force intends its recommendation to address the City's most urgent need: a sustainable revenue stream to fund existing infrastructure maintenance. The Task Force believes that its proposal is the minimum necessary to fund maintenance of existing infrastructure and that it fairly asks all Powell residents and taxpayers to contribute to that effort.

Task Force Vote on Recommendation:

The Task Force considered and unanimously adopted the foregoing 2018 City of Powell Citizen Financial Review Task Force Report to City Council (June 2018) in plenary session on May 22, 2018.


Mike Barker


Jeff Gardiner

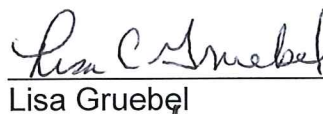

Tom O'Brien


Richard Cline


Ross Gillespie


Eric Prall

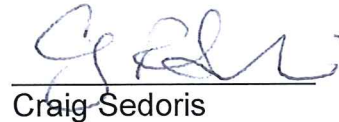

John Cruise


Lisa Gruebel


Randall Sampson


Bruce Dorstewitz


Terry Hoppman

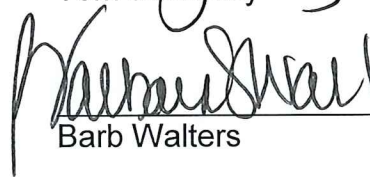

Craig Sedoris

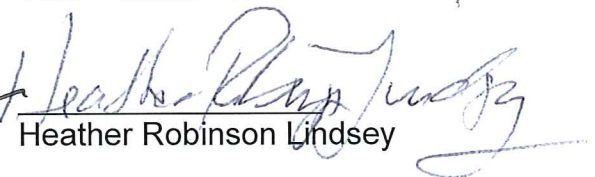

Christina Drummond


Tom Jedlinsky


Vicki Vendramin


Tom Ewers


Barb Walters


Heather Robinson Lindsey

Respectfully submitted to Powell City Council in open session on June ___, 2018.


Richard A. Cline, Chair