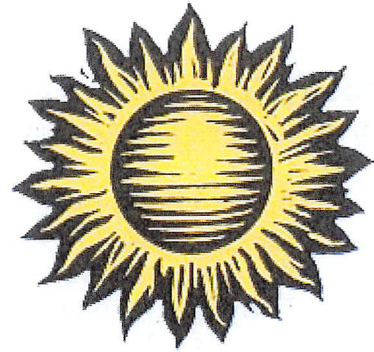


CITIZEN FINANCIAL REVIEW TASK FORCE

Fact Sheet



THE PROBLEM

The City of Powell no longer collects sufficient revenue to maintain existing streets, storm sewers, traffic signals, street lights, bike paths, park facilities, etc. Powell's most expensive infrastructure assets are its 120 lane miles of streets, 77 miles of storm sewers and 24 miles of bike paths. Developers built these improvements for the most part during the City's most active periods of growth: 1986-1988, 1992-1994 and 2001-2005. Due to decreasing revenue, Powell has repeatedly deferred infrastructure maintenance.

REVENUE LOSSES

In the past, Powell's funding for infrastructure maintenance came mostly from gasoline and estate taxes and Ohio's Local Government Fund. In recent years, the gasoline tax has remained flat and the State has dramatically cut the Local Government Fund and it eliminated the estate tax in 2013.

The City seeks out infrastructure grants whenever possible. However, affluent communities like Powell often do not qualify. Grants also typically require the recipient to provide matching funds, which Powell does not have. Finally, grant-funding is unreliable, and the City cannot plan its infrastructure maintenance based on uncertain sources.

THE TASK FORCE

City Council created the Citizen Financial Review Task Force to review the long-range financial impact of this revenue loss and identify cost-containment efforts and other solutions the City could implement to alleviate this issue. Eighteen of your neighbors spent more than 300 volunteers hours learning how the money comes in and how the City spends it to maintain the streets, bike paths and parks we all use.

TASK FORCE FINDINGS

The Task Force found that the State's actions have eliminated about \$567,000 in annual revenue to the City. Right now, the City spends approximately \$500,000 per year on infrastructure maintenance funded primarily from the gasoline tax. The Task Force estimates the City must spend an additional \$2 million per year to effectively address the current and deferred infrastructure maintenance needs.

WHAT CAN WE DO?

To make up for this \$2 million funding gap, the Task Force recommends that the City:

- Place a ballot measure before Powell residents to moderately raise the 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.
- They also recommend that the ballot measure require City Council to allocate not less than 25% of all income tax revenue to infrastructure maintenance.
- Adopt a Capital Improvements Plan (CIP) to set forth a vision of future infrastructure projects throughout the City.

The Task Force explored closing this gap through budget cuts alone. However, it found that a 4% budget reduction across the board would only raise about \$330,000 per year while severely limiting the City's ability to provide the safety and services that Powell residents expect.

CURRENT SITUATION FOR HOUSEHOLDS

As a direct result of Powell's low income tax rate, the City incurs a deficit of just under \$200 per household when average use of services is compared to the average amount of income tax paid. For example, it was estimated in 2015 that the average Powell household used approximately \$1,415 annually in City services (police, parks, administration, road, storm sewers, etc.),¹ but contributed \$1,227 in income tax revenue.^{2,3} This deficit creates a net loss of over \$820,000 per year for the City. Most residential developments do not create a net positive revenue source for the City while most commercial developments do.

Only a small portion of your property taxes support City operations. The City receives \$0.04 of every dollar of property tax paid. The school district, Delaware County and township receive a portion of taxes paid by City of Powell residents, along with several other smaller entities.

INCOME TAX FACTS

The proposed ballot measure would raise the approximately \$2 million needed to fund the maintenance of existing City infrastructure.

- This approach maintains equity amongst all taxpayers and only raises what is necessary to avoid further deferring vital infrastructure maintenance.
- Social security and pension income is not taxed as earned income and therefore will NOT be impacted by this increase.
- The income tax has remained unchanged for 27 years.

¹ 2015 City of Powell Comprehensive Plan (pg. 90)

² 2015 City of Powell Comprehensive Plan (pg. 86)

³ City of Powell Finance Department