

PROPOSAL

Comprehensive Analysis of the Financial Impacts of a Potential Merger Between Washington Township and Centerville City

Submitted March 29, 2007

By: The University of Toledo Urban Affairs Center
Wright State University Center for Urban and Public Affairs

To: Gary Huff, Township Administrator, ghuff@washingtontwp.org
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SCOPE OF WORK

The proposed study will provide an objective analysis to determine the overall financial impact on the citizens of Washington Township and Centerville City if the two entities merged under existing provisions of the Ohio Revised Code.

The focus of the study will be on the following financial impacts:

1. The costs if a combined government continues to provide the existing level of services, including but not limited to the following:

- Cost savings due to economies of scale in service provision
- Cost of equalizing the level and quality of services between the city and township
- Examination of the cost of replacing county and state services currently provided to the Township but not typically provided to municipalities
- Costs of reconciling and equalizing employee salaries and benefits, if necessary

2. Revenue sources necessary to support these services, including the following:

- Estimation of revenue yield generated by applying the city income tax to employed persons and residents of the current township
- Estimation of additional revenues that can be anticipated from state and county tax sharing revenues (i.e. gasoline, license, and local government fund)
- Estimation of revenues that can be anticipated from fees for services, if any
- Estimation of property tax millage that can be replaced with income tax revenues

3. The projected effects on property and income taxes and fees on major stakeholders, including the following:

- Current city and township residents including:

- Retired persons
- Persons currently paying an income tax to another municipality
- Persons employed in Washington or another township and not paying an income/payroll tax
- Businesses located in the city
- Businesses located in the township
- Other entities whose interests would be affected by a merger

METHODOLOGY

The study will use data and information from multiple sources in order to provide a **balanced examination** of the positive and negative consequences of a merger from the perspectives of all major stakeholders. The calculations will be presented by funds, according to GAAP accounting standards, with the estimated balances for each of the funds. Data sources may include, but will not be limited to, the following:

Interviews (conducted by UAC and/or CUPA)

1. Interviews with City and Township Officials

A. Washington Township Officials

- President, Board of Trustees
- Township Administrator
- Deputy Administrator
- Fiscal Officer
- Public Works Manager
- Fire Chief

B. Centerville City Officials

- Mayor
- President of Council
- City Manager
- Finance Director
- Police Chief
- Public Works Director

C. Special District Directors

- Library
- Senior Center
- Park District

2. Interviews with other stakeholders and resource people

A. Montgomery County Officials (Interviews to be conducted by CUPA)

- Office of Management and Budget
- Engineer

- Sheriff
- Auditor

B. State Officials

- Director, ODOT regional Office
- Department of Taxation
- Department of Public Safety

C. Various Community Leaders

D. Citizen Perception Survey (Optional, by CUPA¹)

Conduct a Citizen Survey of perceptions of government Services for one or preferably each of the communities. Such surveys address emergency services, utilities, roads, and management, among other topics. Conducting a survey with each community will allow a sufficient number of responses to allow for cross community comparisons.

Document/Data Collection and Review

This would include collection and review of public records and reports for each jurisdiction which would include the following: (CUPA will collect)

1. Budgets
2. CAFRs
3. Auditor’s reports
4. Other relevant financial documents
5. Collective bargaining agreements and personnel schedules

Analysis

We anticipate that the following financial calculations will be central to the study. The methodology that will be used will differ among them, with the objective of utilizing the most accurate data available to reach the most accurate estimates possible. In some cases, various proxies may used when necessary data are not available.

1. Income tax revenue in a merged community (Wright State)

Data needed: number of persons employed in the Township not living in Centerville and their aggregate salaries, plus number of Township residents currently employed in a township and their aggregate salaries.

Data source: ES202, U. S. Census, and other subscription databases

2. Property tax revenues and the implications of reducing them in a merged community

¹ This item (D.) would involve additional cost which has not been included in the budget for this proposal.

Data needed: inside and outside millage, reduction factors, property valuations, current yield per mil

Data source: County Auditor and Treasurer, financial documents

3. Shared revenues

Data needed: (gasoline tax and license fee) vehicle registrations, distribution formula, current yield, permissive tax; (local government fund) county and state distribution formula

Data source: County auditor, State Department of Taxation, State Department of Public Safety, financial documents

4. Public Works expenditures

Data needed: current operating and capital expenditures by County Engineer and ODOT in the Township that would be assumed by a merged community

Data source: estimates by County Engineer and ODOT

5. Criminal Justice expenditures

Data needed: additional cost of providing police services, court services, and incarceration services to a merged community

Data source: County sheriff, County OMB, Kettering Municipal Court

6. Changes in administrative overhead expenditures

Data needed: personnel costs needed to deliver additional services

Data source: calculated

OUTPUTS

1. Draft report
2. Joint meeting with both governmental bodies
3. Final report—hard and electronic copies

TIMELINE

1. August 15, 2007—draft report submitted to both governmental bodies
2. October 15, 2007—final report submitted to both governmental bodies

LIST OF CONTRIBUTORS TO THE PROJECT

The University of Toledo Urban Affairs Center (UAC)

Tasks not otherwise assigned to CUPA, including but not limited to interviews, data analysis, and final draft.

- Dr. Hugh Hinton, Associate Professor of Political Science and Public Administration, Principle Researcher, UAC Research Fellow
- Neil Reid, Director
- Sue Wuest, Assistant Director
- Gregg Rice, Data Manager
- Graduate Research Assistant

Wright State University Center for Urban and Public Affairs

Administrative tasks, such as scheduling and follow-up interviews; data collection and analysis; interviews, particularly with county agencies, such as the sheriff and county engineer; any citizen perception surveys (separately negotiated)

- Dr. Jack L. Dustin, Director, Principle Researcher
- Jane Dockery, Associate Director, Researcher
- Carol Hooker, Research GIS Data Analyst
- David Jones, Survey Research Coordinator

DETAILED PROJECT COST

TOTAL COSTS	UAC	CUPA	Total
I. Personnel (Salary/Fringes)			
Interviews	\$ 14,022	\$ 3,500	\$ 17,522
Data Collection/Analysis	\$ 14,022	\$ 3,500	\$ 17,522
Outputs	\$ 5,697	\$ 1,475	\$ 7,172
<i>Sub Total for Section</i>	\$ 33,741	\$ 8,475	\$ 42,216

II. Other Costs			
Travel (mileage, hotel, meals)	\$ 1,889	\$ 50	\$ 1,939
Materials and Supplies	\$ 300		\$ 300
Printing/Publication/Copies	\$ 450		\$ 450
<i>Sub Total for Section</i>	\$ 2,639	\$ 50	\$ 2,689

TOTAL PROJECT COST	UAC	CUPA	Project
	\$ 36,380	\$ 8,525	\$ 44,905

REFERENCES

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