



Hamilton County

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MEMORANDUM

From: Commissioner Greg Hartmann

To: Commissioner Chris Monzel
Commissioner Todd Portune

Cc: Christian Sigman
John Bruggen
Jacqueline Panioto

Date: November 12, 2014

Re: 2015 General Fund Budget Recommendations (UPDATED)

The 2015 General Fund Budget, similar to the past six years of County budgets, will be challenging and require this Board to carefully consider the County's priorities over the coming year. While the economy has shown hints of recovery, Hamilton County still faces a challenge in equalizing revenues with expenditures after over \$70 million in General Fund reductions since 2008.

Hamilton County has weathered the economic downturn in large part due to Commissioners' resolve to keep taxes as low as possible and to focus on providing cost effective, efficient County services to residents. The County Administrator's 2015 Recommended Budget, transmitted to the Board on October 13, featured a sales tax-property tax swap to help bridge the gap in the 2015 budget as well as to assist the County with needed investments in our County facilities. While I appreciate the County Administrator's creativity and innovation in putting forward his Recommended Budget, I do not support a permanent increase in the sales tax at this time.

The County has managed difficult budgets over the past several years due primarily to the collaboration and cooperation of all County departments and agencies, especially the independently elected officials. Though some departments not under the control of this Board have recently exceeded their budget allocations, I am confident – and the public expects – that all departments will remain within approved spending levels for 2015.

I am supportive of moving forward with the Administrator's alternative budget, laid out in his October 13 memo to the Board, with several changes to reflect the Board's policy priorities. Since the Administrator's Recommended Budget was released, Administration has revised and updated revenue estimates and my suggested budget changes below reflect those revisions.

- **Continued focus on Economic Development**

The Administrator's alternative budget includes a reduction of \$276,000 to Economic Development funding for HCDC, REDI and the Port Authority. Utilizing a portion of the reduced debt service estimates for 2015 (Attachment A), I would like to fully fund our Economic Development partners and to increase the funding for REDI from its current level (\$135,000) to \$250,000. I would also like to provide an additional \$100,000 to HCDC above the current funding level to begin carrying out a portion of the recommendations in the County's Comprehensive Economic Development Strategy that was finalized earlier this year.

As the economy continues to rebound, the County's Economic Development investments are critical to improving our local environment for job creation and business growth. The newly created REDI, a regional collaboration of public and private partners committed to business attraction and economic development, will have a significant impact on the economic growth of our region. REDI is funded through investments from partners in the public and private sectors, and has achieved significant successes in a short period of time. Additional County investment demonstrates our commitment to regional economic development and our confidence in REDI's leadership and results. I encourage all REDI investors to increase their funding to this initiative, and will specifically call on the City of Cincinnati to match the County's funding level for REDI in 2015.

- **Support local development**

In 2013 and 2014, the County made great strides in improving our customer service to local developers, builders, contractors and residents through our Planning & Development department, which includes the Building & Inspections division. To avoid slowing the progress made in permitting and plans review over the past two years, I recommend that the Board allocate a portion of any revised revenues to the Planning & Development department to avoid the budget reductions called for in the Administrator's 2015 alternative budget (approximately \$133,000).

- **Minimize the detail rate increase to townships and municipalities for emergency communications**

The Administrator's 2015 Recommended Budget includes a 5% increase in the detail rate to townships and municipalities who respond to emergency calls in the County. The alternative budget would take this increase even higher. It's critical that the County maintain the collaborative relationship with the 100+ police, fire and EMS agencies that use the high-quality public safety communications services provided by the County. To the extent that revised revenue estimates provide additional capacity in the 2015 General Fund budget, I recommend we utilize a portion of that capacity to minimize the detail rate increase to these local communities.

The County's recently formed 911 Taskforce is expected to provide its recommendations to the Board for long-term funding at the Communications Center in early 2015. However, until the County adopts its long-term funding strategy for this function, it's critical that the County continue to support this shared service amongst the various townships and municipalities that utilize our emergency communications system.

- **Provide interim capital repairs to the County's Crime Lab**

The Board's ongoing discussion regarding our County facilities will not be resolved before the Board needs to pass the 2015 General Fund budget, or even before the end of this year. The Board has several options for addressing the County's long-term facility needs, including the acquisition of the Mercy Health Mt. Airy facility and the relocation of the County's Crime Lab. However, given the cost of renovating the Mt. Airy facility and building a new Crime Lab, this Board should direct Administration to draft a multi-year capital plan for making interim repairs to the current Coroner's facility to mitigate some of the space and technology issues at the Crime Lab.

I also recommend this Board continue its dialogue with the Coroner regarding a partnership with the state Bureau of Criminal Investigations to mitigate some of the work load experienced at the Crime Lab and to strengthen the collaboration between the County and the state as it relates to the Coroner's office's functions.

As Administration continues to revise revenue estimates and to close out the 2014 Budget with County departments, I recommend any additional revenue identified over the priorities laid out above be directed to the County's General Fund reserves. The County's fiscal health is dependent upon strong reserve funds and we should continue working towards our goal of a 15% reserve fund balance.

In addition to the funding priorities above, I recommend this Board closely monitor revenues over the next year to identify any future opportunities to provide a compensation increase to employees. Our County employees have managed through seven years of just two mid-year compensation adjustments, and this Board should prioritize the identification of revenue to provide additional budget support to departments to allow for a compensation increase to their employees.

Thank you for your consideration of these recommendations. I look forward to working with you to craft a 2015 General Fund budget that this Board can unanimously support.

Attachments:

A: November 5, 2014 Email from John Bruggen, Budget Director

Debt Service - 2015

Bruggen, John

Sent: Wednesday, November 05, 2014 5:05 PM

To: Aluotto, Jeff; Bell, Gena; Binns, Kathy; Daria, Lisa; Hammersmith, Richard; Hartmann, Greg; Monzel, Chris; Portune, Todd; Sigman, Christian; Wise, Kellie

Cc: Anderson, Lisa; Webb, Lisa; Weckbach, Jeff; Wagner, Rob

Commissioners:

The budget office has reviewed the recommended General Fund debt service budget for 2015, and has concluded that we can reduce the recommended amount by \$350,000, from \$7,210,000 to \$6,860,000.

JPB

John P. Bruggen

Budget Director

Hamilton County Office of Budget and Strategic Initiatives

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