

The Ohio Commission on Local Government Reform and Collaboration
December 4, 2009
Minutes

Mr. Troy called the meeting to order and gave a brief overview on the Ohio Commission on Local Government Reform & Collaboration.

In attendance:

Anita Lopez, Co-Chair
Daniel Troy, Co-Chair
Michael Cochran
Dean DePiero

Tim Downing
Jennifer Economus
Dan Foley
Chester Jourdan

Robert Roland
Charleta Tavares
Tom Weidman
Larry Wolpert

Mr. Weidman moved for the approval of the October 30, 2009 minutes; Mr. Downing seconded. The motion was approved unanimously.

Mr. Downing provided to Commission members an invoice from The John Glenn Public Policy Institute for October and November in the amount of \$2,402.70. Mr. Downing has asked the John Glenn Institute for clarification on some costs and recommended delaying payment of the invoice until the next Commission meeting. He noted that the Commission has only spent approximately \$30,000 of the allotted \$160,000 at this time.

Ms. Anne Hill, Northern Region Director for Governor Strickland, welcomed the Commission. She noted that the northern Ohio region has many excellent examples of collaboration amongst all types of entities and the Commission will likely hear about some during the public testimony portion of the meeting. She finished by wishing the Commission best wishes on their work.

Daniel Geroni, student intern at The John Glenn Institute, reported on the work the Institute is doing on behalf of the Commission. He stated that all research reports on other states' activities relative to this topic have been completed and are on the Commission's web site and each Commission should have a copy before them. He informed the Commission that Miami University and Kent State University have completed their research. Miami's report is on the Commission's web site and Kent State's report will be available soon. The University of Toledo and Wright State University will be completing their research within the next few weeks; the Institute will forward the information once finalized.

Mr. Foley reported on the meeting of the Tax Structure Subcommittee, which met on Wednesday, December 2 at the offices of the Mid-Ohio Regional Planning Commission. He stated that the Subcommittee will be looking at tax structures that will facilitate economic development in the state and will provide local governments more tools in the tool box. Mr. Foley has a draft report of the Subcommittee and will circulate the draft to all Commission members and interested party groups for review and comment before finalizing and officially submitting it to the Commission.

Mr. Jourdan stated that the Alternative Practices Subcommittee will meet in January. Ms. Tavares stated the Incentives to Collaborate Subcommittee will meet in January as well, and will likely be held the same day and in same location as Mr. Jourdan's subcommittee. Mr. Wolpert reminded the Commission members that all subcommittee meetings are subject to the Open Meetings Law and therefore adequate public notice must be given.

The Commission then discussed the date and location of future Commission meetings. Mr. Troy noted that Mr. Roland would like to host a Commission meeting in the Canton area. Mr. Roland recommended holding the next Commission meeting in Columbus to regroup and digest all the information that has been gathered thus far from the public hearings and suggested the February meeting of the Commission be held in Canton area. Ms. Tavares agreed with Mr. Roland's recommendation and Mr. Jourdan concurred. Mr. Troy stated that without any objection the January meeting will be held in Columbus at on Friday, January 29 at 10:30 am and the February meeting will be held in the Canton area. Mr. Roland mentioned that Stark State College will be the likely location of the February meeting.

Public testimony began. Mr. Robert Jacquay, associate director of the George Gund Foundation, testified on behalf of the Fund for Economic Future. He provided a brief overview of the Fund for Economic Future and the unique collaborative efforts encouraged by the Fund. He informed the Commission that the Fund for Economic Future is geared toward economic development and strengthening northeast Ohio. He noted that the Fund recently initiated a grant program for local governments to study collaborative efforts. Mr. Jacquay specifically recommended the Commission consider the following:

- give recognition to local governments doing collaborative efforts in the form of money or other preferences;
- clarify Ohio law to help local governments collaborate; and
- allocate money for things that are necessary, not more duplicative services. (10% of NE Ohio's gross product is spent on local government and that money could be better spent elsewhere.)

Mr. Cochran questioned the scope of the regional examination. Mr. Jacquay noted that 16 counties were included in the study. Mr. Cochran asked if there was active participation from all 16 counties. Mr. Jacquay stated that not all 16 counties submitted proposals for grants. He further noted that the Fund is regrouping and trying to get active participation from all entities in the 16 counties. Mr. Cochran congratulated Mr. Jacquay and the Fund for their work. He asked Mr. Jacquay for specific concerns legal advisors raised relative to laws that hinder local government collaboration. Mr. Jacquay replied that he will work to get comments.

Mr. Downing followed up on Mr. Jacquay's comments relative to 10% of the gross product being spent on local governments. He asked Mr. Jacquay how local government is defined and how does the number compare to other regions or states? Mr. Jacquay stated that the figures were taken from the Census data and for more information about the process, Commission members are encouraged to visit the Fund's web site. Mr. Downing asked if it was fair to state that the report shows that the cost of local government impedes economic development. Mr. Jacquay stated that it was fair to infer from the report that the money being spent on local government activities could be redirected for long-term trajectory.

Mr. Troy stated that one of the things the Commission is looking at doing is providing local governments with the flexibility to collaborate and do what they need to do. Mr. Troy asked about how the poll was conducted referred to in the testimony. Mr. Jacquay stated that there were barometers and the confine of the questions can be found on the Fund's web site.

Ms. Tavares questioned the response rate to the survey that was conducted and questioned if small sub-groups were included in the polling. Mr. Jacquay stated that 2300 people were polled and that it was a diverse group of people. He noted that the information gathered from the poll can be broken down by the subgroups.

Mr. Jourdan asked if the Fund has looked at incentives and what the state can offer to facilitate collaboration. Mr. Jacquay stated he was not prepared to give specifics but that state law shouldn't penalize governments for collaborating.

Mr. Wolpert stated that Ohio has the 7th highest tax burden in the country and a large number of local governments and asked if the real issue is that Ohio has too many local governments? Mr. Jacquay stated he was not prepared to answer that question as the Fund is designed to help foster collaboration, not consolidation.

Mr. Troy acknowledged that State Representatives Dolan and Schneider were in attendance, as well as former Representative Gene Krebs.

Mr. William Curran, Mayor of Hudson, provided an overview of the Regional Prosperity Initiative (RPI) on behalf of the Mayors Association of NE Ohio. He explained that the RPI is not interested in usurping local governments or forcing consolidation, implementing retroactive revenue sharing or forcing participation. RPI is continuing to research the legal impediments to collaboration and revenue sharing. He provided the following recommendations to the Commission:

- repeal HB 920;
- allow for revenue sharing of the revenue received from the tax base not for specified services;
- restrict LGF revenue to only those communities that collaborate with other entities; and
- support the RPI.

Mr. Mike Lyons, Mayor of Richfield, joined Mr. Curran at the podium to assist in answering questions from Commission members.

Mr. Roland thanked Mr. Curran for his testimony and asked if Mr. Curran is aware of any current tax incentives that negatively impact collaboration. Mr. Curran responded that overzealous use of tax abatements has hurt local governments as communities are pitted against each other. He suggested more incentives should be created to attract business as opposed to simply retaining business.

Ms. Tavares questioned if the levy funded agencies in the county were taken into consideration under the revenue sharing plan presented. Mr. Curran stated that the approach was to use all available resources and not create any new funding sources and use those funds to maintain current infrastructure and create any new infrastructure. Ms. Tavares noted that in testimony it was stated that only willing partners will participate in the RPI plan and asked how much of participation is personality driven. Mr. Curran stressed the need of each community to articulate the benefits of participation to their residents in order to facilitate collaboration. He stated that the broad base impact of disparity across the region would be lessened with tax revenue sharing.

Mr. DePiero asked for clarification of the amount of revenue that would be shared under the RPI plan. Mr. Curran responded by explaining that other areas of the country that have done similar things have seen a 2.5-5% growth in the region. The RPI plan calls for 60% of new property tax revenue to stay with the locality and 40% to go to a fund for the region. For income tax revenue, the split would be 80% to the locality and 20% to the fund. The fund would have a distribution method, not determined at this time, and it would remain pretty constant. Some communities would be donor communities and others would be receivers. Mr. DePiero asked for clarification about the item vetoed by the Governor as mentioned in testimony. Mr. Curran replied that the Governor vetoed the language that would have given local governments TPP reimbursement indefinitely. Mr. Downing expressed his concern about the buy-in of communities with respect to the RPI plan. He asked Mr. Curran if the communities with large African-American populations have been contacted. Mr. Curran replied that they have been contacted and

they are participating in discussions but they have not signed on to the revenue sharing idea because those communities have more limited resources.

Mr. Foley asked for more specific detail regarding language the General Assembly should adopt. He further asked how RPI would distribute the money, directly for targeted projects or just flat amounts to communities. Mr. Lyons explained that there would be no committee to determine where the money would go, such as in Montgomery County, rather it would be flat amounts to communities for structured cohesion. The basis for the sharing is similar to what is being done in the Minneapolis area. Mr. Foley asked how the money would then be used to truly further economic development. Will there be any stipulations on the use of the funds? Mr. Curran held up Minneapolis as an example stating that there are 187 communities that benefit from their tax sharing program and they have saved money, created jobs and grew population.

Ms. Economus asked how schools were encouraged to buy-in to the revenue sharing program. Mr. Curran responded by saying that revenue sharing on new money is not a take-away from schools. Ms. Economus asked for all information relative to schools that RPI has put together.

Mr. Jourdan questioned how much regional planning plays into the RPI plan and the sharing of services. Mr. Lyons stated that regional land use is the real issue as many communities are spending large amounts of time and resources on planning.

Infrastructure cost savings could be realized almost immediately if regional land use planning were to go into effect. However, to have regional land use planning, all communities need to be willing to discuss zoning, land use and quality of life issues, all of which play into where businesses and residents want to reside.

Mr. Weidman asked for additional clarification regarding the revenue splits and distribution according to the RPI plan. Mr. Curran repeated the information. He emphasized that the group wanted no competition for distribution so the proposal as of today calls for distribution based on population and tax capacity. It would protect against fiscal disparity. Mr. Weidman asked if it is reasonable to assume that most reciprocating communities will continue to be reciprocating communities and donors will continue to be donors. Mr. Curran did not believe that it would always be the case.

Mr. Troy commented that by saying "tax sharing" it implies that some communities are getting too much and others are not receiving enough. He also pointed out that if communities begin sharing revenue then we may also need to alter service delivery mechanisms.

Mr. Martin Zanotti, Mayor of Parma Heights, testified specifically on the recent ballot issue passed in Cuyahoga County that would reform county government. As one of the chairs of Issue 6, Mr. Zanotti stressed the change was needed to provide checks and balances at the county level. He noted that there is too much government in Ohio and as an example, Cuyahoga County is one-third the size of New York City but has 57 governments within the County. He commented that Ohio doesn't rank high in education in the USA but it ranks high amongst the states in the number of governments. He reported on a project he initiated that would combine seven fire departments in Cuyahoga County. He stated that the merger research concluded that administrative and capital costs would be reduced for all seven jurisdictions if combined but that the merger was defeated because the seven jurisdictions didn't want to give up control and they were not desperate enough yet to want to merge. Mr. Zanotti believes that cities should not be in the park and theater business and only should provide essential services such as fire, police, EMS and waste disposal. He provided the following recommendations to the Commission:

- use LGF dollars to incentivize governments to merge, consolidate or collaborate on services; and

- reduce the number of cities/villages/townships in the state because there is not enough money in the future to support all of them.

Mr. Troy stated that Mr. Zanotti's experiences were vital to the Commission. He expressed his belief that county government structure is antiquated and needs some reform. He pointed out that only Summit County and Cuyahoga County have altered that antiquated government structure due to issues of corruption, and he questioned if other counties would change without corruption driving that change. Mr. Zanotti answered that he is hopeful other counties will follow the process that is being established for Cuyahoga County. Mr. Troy expressed his desire for counties to have more flexibility to alter the county government structure and asked for comment. Mr. Zanotti replied that the state needs to encourage counties to change small things within the county as opposed to complete overhaul of the structure. Mr. Troy commented that the Cuyahoga proposal kept partisan politics in the structure as opposed to a non-partisan structure and asked why that was. Mr. Zanotti stated that they wanted to keep some things similar to what is currently in place and that the whole structure will be reviewed in 2012, as included in the ballot language passed by voters.

Mr. Wolpert commented that the Base Realignment and Closure (BRAC) study in 2005 seemed to work well for the US military and he asked for Mr. Zanotti's thoughts on potentially using a BRAC approach using non-elected officials, in different regions of the state to give recommendations of consolidations and collaborations between governments and local governments that do not comply would lose LGF revenue. Mr. Zanotti commented that it would be a drastic approach by the state that he supposed could be utilized rather than wait for local governments to do it themselves.

The Commission recessed for a 20 minute lunch break.

Mr. Jason Segedy, Director of the Akron Metropolitan Area Transportation Study, presented testimony to the Commission. He stressed the need for local government reform as the state is using a 19th century framework in the 21st century. He stated that the state has lost population but has increased the number of households which leads to urban sprawl, economic crisis, transportation and land use challenges. He pointed out that there is a clear lack of coordination between land use and transportation planning. He presented the following recommendations to the Commission:

- allow flexibility in state law when defining regions;
- land use plans should be similar to MPOs;
- implement "smart-growth" strategies and provide state and local governments incentives to use such strategies;
- change transit funding mechanisms so that all modes of transportation can be adequately funded;
- adopt state-wide vision for coordinating land use and transportation; and
- reestablish public confidence in cities.

Mr. Troy asked for clarity regarding land use and zoning recommendation. Mr. Sagedy recommended that state law require MPO-wide zoning and land use plans.

Ms. Tavares asked if MPO's have asked for transportation impact studies when major zoning changes or building permits are requested at the local level. Mr. Sagedy replied that his MPO tries to push the envelope and is working with the local communities but state law requiring such a thing would be better.

Mr. Jourdan asked if the State of Ohio was taking full advantage of what MPOs can offer.

Mr. Sagedy responded no.

Mr. Kenneth Montlack, representing Firsts Suburbs Consortium, endorsed the concept of revenue sharing and the notion of preventing the formation of new communities that duplicate services and take away valuable resources from already established communities. He provided examples of communities that are sharing services, such as economic development and housing. He provided the following recommendations to the Commission:

- change transportation policy to make the priority existing infrastructure and stop creating new infrastructure; and
- make ODOT responsible for all state routes, regardless if they are in the incorporated or unincorporated territory.

Mr. Downing asked what Mr. Montlack felt were impediments to merging Cleveland Heights and University Heights. Did the school issue play the biggest role? Mr. Montlack replied that there was no ground swell of support in University Heights and that the merging of two school districts is very difficult, especially when the districts are 1st suburbs where the students are more often than not poorer.

Mr. Jourdan pointed out that he attended the First Suburbs conference and asked Mr. Montlack to expand on information he provided at that conference. Mr. Montlack asked Commission members to information attached to testimony which is the outline of the presentation at the conference. Mr. Jourdan asked for the research associated with Mr. Montlack's presentation.

Mr. Howard Maier, NE Ohio Area-wide Coordinating Agency executive Director, provided testimony to the Commission relative to the importance of transportation planning and MPOs in land use and economic development. He further explained how MPOs work in the state. He provided the following recommendations to the Commission:

- utilize MPOs to their fullest ability; and
- write MPOs into state law.

Mr. Troy commented that we need to utilize MPOs but that the elected officials need to be at the table, not their alternates.

Ms. Tavares stated that she is a firm believer that new organizations/government bodies shouldn't be created when there are entities in place that can do the work and she requested examples from other states that have utilized their MPOs in fashions mentioned by Mr. Maier in his testimony.

Mr. Downing asked for clarification on the funding mechanism of MPOs. Mr. Maier stated that MPOs are funded primarily by the federal government.

Mr. Jourdan explained that MPO's are sometimes entities within entities and can do more than what most people think.

Mr. Troy questioned if there are too many MPOs in the state, as there are 21. Mr. Maier responded that he does not believe so, as none of the MPOs overlap.

Mr. Jourdan noted that he has asked for territories of all state agencies be aligned, which could also be applied to MPOs.

Ms. Christine Ledvinka, professor at Levin College of Urban Affairs at Cleveland State University, presented information on how Georgia mandated collaboration of local governments or service delivery strategies. She explained that local governments that failed to collaborate lost all state administered funds. The goal of the program in Georgia was to eliminate the duplication of services and double taxation. Approval of the service delivery strategies were done on a county by county basis and had to have the approval of the county, county-seat, cities with 9,000 or more population and at least 50% of the remaining cities with a population of at least 500. Seven of the 159 counties in Georgia chose to create a uni-gov. School districts were exempted from this law.

Mr. Troy asked if Georgia has townships. Ms. Ledvinka responded no. Mr. Troy noted that this is more a “club” approach and asked if the governments are actually collaborating or are they just reporting proposed strategies on paper. Ms. Ledvinka replied that it is more appropriate to call the plans a contract, as the communities have obligations to uphold. Mr. Troy asked what would happen if two of the cities over 9,000 people would refuse to sign on. Would the entire county and all the other subdivisions lose their state funds? Ms. Ledvinka responded yes.

Mr. Cochran questioned what problems existed in Georgia prior to this law being enacted and what has changed since this law was enacted. Ms. Ledvinka offered to provide additional research on this issue to the Commission. Mr. Cochran stated that in order for the Commission to fully comprehend the testimony provided that the Commission needs to know what was broke in Georgia and why and how it was fixed.

Mr. Kevin O’Brien, Professor at the Levin College Center for Public Management at Cleveland State University, provided testimony relative to the efforts the Center for Public Management has been involved in that assisted local governments with collaborative efforts. He noted that when speaking about shared services or collaboration between local governments, the most difficult thing is getting all local, elected officials to sign on but there are plenty of best practices out there that have worked all across the country. He recommended the following to the Commission:

- alter the requirement for a super-majority should a county wish to adopt a charter form of government.

Mr. Troy asked if there needs to be more flexibility given to counties to alter their government structure. Mr. O’Brien recommended allowing for the natural ebb and flow of government which could include eliminating the elected position of coroner or merging auditor and treasurer.

Mr. Alex Kelemen, a taxpayer of Ohio, testified before the Commission in opposition to the RPI plan presented by an earlier witness. His concerns about the RPI plan stem from the revenue sharing aspect, and that voted levy revenue will be disproportionately given to communities that may not be willing to pass levies. Additionally, he noted that he was concerned that communities would not be able to opt out of the RPI or leave should they not wish to participate any longer.

He provided the following recommendations to the Commission:

- require state to keep clear and concise records of all tax abatements granted in the state, including when companies relocate from one Ohio community to the neighboring community;
- severely restrict the use of tax incentives by local governments; and
- provide incentives for communities and regions to have true economic development plans.

Mr. Troy noted that in order for regional tax sharing to happen legislation would have to be implemented by the General Assembly. Mr. Kelemen responded that he understood that but if the RPI plan is put into place there is nothing in the plan that states communities will not be forced to join.

Mr. Downing asked that if local governments have the ability to collaborate and share services now, then why aren’t they doing it. Shouldn’t there be some sort of requirement rather than suggestion? Mr. Kelemen stated that as for the RPI plan, each community should have a choice.

Mr. Cochran commented on Mr. Kelemen’s testimony regarding the issues with city government in the 21st century yet the structure was created in the 20th century. He requested the Commission gather studies that have outlined the problems of large cities and how those problems were created.

With no further witnesses, the Commission opened the floor for new business. Mr. Troy brought to the attention of Commission members a proposal that was circulated earlier in the week by Jennifer Cowley of the The John Glenn Institute. It was reported that the Commission had received a request for funding of a research study entitled “Stimulating Local Collaboration on Family Violence in Ohio.” Mr. Troy stated that he does not feel the scope of this research relates to the Commission’s focus. Mr. Roland motioned the Commission deny this request for funding. Ms. Tavares seconded the motion. Without objection the motion was agreed to.

With no further business before the Commission, Ms. Tavares moved to adjourn. Mr. Cochran seconded the motion. Without objection the meeting was adjourned at 3:54 pm.