

## **Responses to Community Information Meeting Questions**

**March 8, 2010**

**Why does the City need a tax levy to fund road improvements? Why aren't revenues from the income tax enough to support this basic City service?** Submitted by L.B.

Although the City continues to be successful in obtaining some state and federal funding for road improvements, the maintenance of local roadways is a local responsibility. The primary source of funding for road maintenance is revenue generated from the City's 1% tax on earned income. Most municipalities in Southwest Ohio have been unable to properly sustain the necessary level of government services with a 1% income tax rate, and the average tax rate in our region is now 1.5%. Voters have rejected 2 previous efforts to increase the tax rate to 1.5% and 1.25%. Without additional revenue from either an increase in the income tax rate or from additional property taxes, the City will remain unable to sustain a viable road maintenance program.

**What is the City doing to attract more business revenue?**

The City uses a wide range of local and state economic development programs to attract new jobs to our community. The programs include various forms of tax abatements and fee waivers which are linked to job creation. In addition to these incentive programs, it is important for the City to maintain high quality public safety services (Police, Fire/EMS) and to continue to deliver high quality utility services at competitive rates. Additional information about the City's efforts to attract new business can be found on the Economic Development page of the City's website.

**Couldn't there be a 5% to 10% across the board pay cut to all City employees regardless of who it is, which would be equitable to everyone?** Submitted by P.L.S.

The City remains focused on ensuring that compensation for its staff remains competitive so that the City is able to attract and retain the high quality personnel needed to properly serve the community. This need must be balanced with the requirement to be good stewards of our public resources. Lebanon's pay rates are comparable to other regional communities of our size and complexity, and in many cases, below the average rates for our area. It is important to note that almost 50% of the City's full-time staff members are unionized and their pay rates are outlined in collective bargaining agreements. As with all employers, health insurance is a major expense for the City, and we remain focused on reducing our costs by reducing demand through the aggressive use of wellness programs and more efficient health insurance plan design. The City continues to take steps to validate its staffing needs and make adjustments where necessary. The size of the City's full time staff has been reduced by 13% since 2001, while the population of the City has increased by about 20%. The ability to serve more people with a smaller staff is based on 3 key factors 1) leveraging improved technology, 2)

discontinuing programs and services that are no longer relevant to the community, and 3) hiring and retaining high quality personnel.

**To increase revenue, why isn't repealing the 1% income tax credit for residents working outside the City considered?** Submitted by B.A.T.

**Why do you describe the income tax credit as an "income loss" to the City? Would eliminating the tax credit be fair to those working outside the City?**

Although the City has the legal right to collect the 1% income tax from all residents, the City provides a full tax credit to residents who pay an income tax to another municipality at of rate equal to or greater than the City's 1% tax rate. The intent of this policy is to reduce the tax burden on residents living in Lebanon but employed in another city. The granting of this tax credit is a legislative decision on the part of the City Council. The City currently provides income tax credits totaling about \$1.5 million per year. The total value of the credit during the period 1999 through 2008 was \$12.2 million.

**Why are personnel costs projected to increase 6% per year?** Submitted by B.A.T.

The 6% figure used in the forecast is based on past trends and is driven by both wage increases and the increased cost of providing health insurance. Recent reductions in wage increases and efforts to control the growth of health insurance costs through insurance plan design changes and reductions in the consumption of health care through enhanced wellness inducement programs, the 6% figure used in the forecasting model may be reduced somewhat in future forecast updates. The majority of City staff members received a pay rate increase of 2% or less for 2010.

**Why not decrease the number of permits for new construction until our current services catch up?** Submitted by B.A.T.

Slowing the pace of commercial and residential development by denying new construction permits is not the best way to address the City's budgetary problems. The root cause of the City's financial weakness in the General Fund is the reliance on an income tax rate that is substantially below the average rate for our region.

**How does the City get the money to supply sufficient personnel for our growing population with our decreasing funds?** Submitted by T.D.

A breakdown of the various funding sources for the General Fund and the various utility funds, can be accessed in the Forms and Publications section of the City's website.

**What is the City doing to implement a rental property inspection program to protect lower income renters?** Submitted by C.C.

The establishment of a Rental Property Inspection Program was one of the 2009 Goals established by the City Council, but due to budget cuts, the project was cancelled. The intent of this program was to improve compliance with the Property Maintenance Code and Zoning Code by requiring semi-annual compliance inspections for all residential rental properties. This type of program is currently in use by the cities of Centerville and Oxford.

**Why is the City requesting additional money to fix roads when money allocated for this was used to repair the railroad for a private company?**

Funding from the City's Capital Improvement Fund is used to support the maintenance of the city-owned rail line, currently used by the LM&M Railroad Company. This project was funded in order to enhance the economic viability of the downtown area and continue to attract revenue from tourism into the community.

**Is the City still able to cover its debt service payments for its bonds?** Submitted by P.C.

The City has consistently honored all its debt service obligations and currently has an A1 bond rating for general obligation debt sales from Moody's Investor's Service. Bond issuances rated as A1 are considered Upper Medium Grade or "Investment Grade."

**How much money was used to buy land to widen Main Street East of Broadway?**  
Submitted by P.C.

The Main Street (State Route 63) Replacement Project, which was completed in 2003, was not a road widening project. Although the roadway was straightened and its profile realigned, the overall width of the roadway was not increased. A very small amount of additional right of way was purchased by the City, primarily to accommodate utility relocations.

**How well does the City reduce costs through competitive bidding for the services and goods it purchases? What is the City doing to reduce costs? Submitted by S.P.**

The City's purchasing regulations require that at least 3 quotes be obtained for all purchases over \$2,500. Additionally, the use of a formal competitive bidding process is required for all contracts over \$25,000. Many of the supplies and equipment purchased by the City, including fleet vehicles are procured from the consolidated State Bid List. In order to reduce costs the City uses outside contractors to perform many services, such as refuse and recycling collection, water and electric meter reading, construction inspections, right of ways mowing, and some park maintenance.