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### News Release

#### **CITY COUNCIL CONSIDERS OPERATING LEVY INCREASE DUE TO DWINDLING GENERAL FUND BALANCE**

WEST CARROLLTON, Ohio – Current financial projections show the city of West Carrollton’s general fund balance having an \$800,000 deficit by the year 2011.

During the city council meeting on Tuesday, July 8, the council discussed a 3.51 mill property tax increase – which is allowable without a general election according to city charter. Council will vote on the issue at the next meeting on Tuesday, July 22.

It’s been nearly 20 years since the city enacted a property tax increase. In 1989, the rate was increased .14 mills (about \$4 a year per \$100,000 home) for a Miami Conservancy District assessment. In 1976 the city assessed .3 mills (or \$9 per year) for a police pension fund.

The city’s property tax rate is currently the 5th lowest of 90 neighboring districts. “Raising this property tax rate has always been considered ‘emergency-only, or last-resort’ in West Carrollton” said Tom Reilly, finance department director. “Unfortunately, we are now at that point,” he said.

Approval of the 3.51 mill increase means West Carrollton’s property tax rate would rank 11<sup>th</sup> lowest of 90 districts.

Reilly say the city's revenues have simply not kept pace with expenditures. "Increases in energy and health insurance costs have rapidly expanded," Reilly said. "Our city, as with all Ohio municipalities, has also lost revenue due to the gradual elimination of the business property tax in Ohio," he said. In West Carrollton that amount is about \$200,000 per year, he said.

The city has made several cuts and established hiring freezes on positions to slow expenditures during the past decade.

"My assessment is that this city is a pretty lean organization," said Brad Townsend, city manager, who joined the city in December 2007.

"I simply can't point out any positions that could be cut without decreasing the level of services that residents expect," he said.

Approval of the 3.51 millage increase would result in a \$108 annual increase for a \$100,000 home. "That's less than \$10 month or less than 30 cents a day," Reilly said.

"None of us ever want to pay any more in taxes, but at this point we simply don't have much of a choice," Reilly said. "If we consider how much the products we use such as gas, milk or energy have gone up during the past few decades, this increase is easier to understand," he said.

Reilly explained that out of every dollar collected in property taxes, the city of West Carrollton receives only four cents. "The remaining amount goes to the county, schools and library," he said.

The addition of the 3.51 mills is projected to generate approximately \$700,000 of revenue per year – making the general fund budget solvent through 2013. "This projection assumes no material loss of business and a renewal of the ¼ percent income tax in January 2010," Reilly said.

Townsend said that approval of the millage increase would give the city more time to pursue new economic development opportunities in the city.

"When the ¼ percent income tax was passed four years ago, the city council knew at that time that it was not a permanent solution," said Mayor Jeff Sanner, who has served on council since 1988. "We have held off on enacting this charter-approved levy for as long as possible, unfortunately we simply can't wait any longer."

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For media interviews, call **Tom Reilly**, finance department director, at (937) 859-8288 or **Brad Townsend**, city manager, at (937) 859-5183.