

City of Youngstown, Ohio



A Regional Approach to Economic Development in the Mahoning Valley

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The PFM Group
Plaza One South
7251 Engle Rd
Suite 115
Cleveland, OH 44130

440-239-7070
440-239-7074 fax
www.pfm.com



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Executive Summary

In 2001 the Metropolitan Area Research Council (MARC) was retained to study the social, demographic, and economic patterns in the Mahoning Valley. The study found that social and economic polarization and wasteful development patterns threaten the Mahoning Valley region. To counter these threats to the region the MARC study recommends a strong, multifaceted, regional response.

The situation facing Youngstown and the Mahoning Valley corridor is not unique. A recent study of 302 U.S. cities by the Brookings Institution Metropolitan Policy Program found 65 central cities (including Youngstown) to be lagging based upon eight economic indicators. The Brookings study found that economic decline in economically challenged cities, including Youngstown, is not confined within their borders as a city's borders are merely a political, not an economic, construct. Because of the interdependency between cities and their surrounding metropolitan areas, cities and suburbs need to work together to bolster opportunities in, and the marketability of, their regions as a whole.

In accordance with both the MARC and the Brookings studies, the City of Youngstown is recommending that municipalities within the Mahoning Valley establish a regional approach to economic development initiatives and revenue sharing beginning with the creation of Joint Economic Development Districts (JEDDs) in the Townships of Austintown and Boardman. A JEDD is a separate political entity created by a city and township and is a proven approach to promote regular cooperation and economic growth while maintaining city and township autonomy, individuality, character, and quality of life. The JEDDs have also, as an alternative to annexation, permitted regional revenue sharing and decision making.

The process of creating a JEDD is an extensive, transparent, and collaborative approach to economic development, that requires meaningful participation by property owners and business owners located within the proposed JEDDs, and provides all residents with the opportunity to express their opinions. A brief summary of the City of Youngstown's proposal is as follows.

The JEDDs would be located in the Townships' existing commercial and industrial areas, and would not include any residential properties. An income tax between 2.00% and 2.25% would be levied on individuals working within the JEDD boundaries. The first 2.00% would go to the City and if the Townships decided to levy the optional additional 0.25% tax then the Townships would keep that tax. The City would then lower the City's existing income tax rate to match the income tax rate imposed on workers in the JEDD. The immediate impact to the City and Townships would be a new source of tax receipts and a move towards regional tax equalization.

The Townships would receive several different benefits. First, the City would agree not to annex property from the Townships during the life of the JEDD. Second, the Townships could receive an additional revenue source if they choose to implement the



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0.25% income tax on those working in the JEDD. Third, the revenue from the 0.25% income tax could be “matched” by the City if the revenues were spent on economic development, essentially doubling the potential revenue to the Townships. Fourth, all new property taxes generated by the cooperative economic development effort would be retained by the Township in which the new development occurs. Fifth, all Township residents would receive lower water utility bills as the City would reduce existing water surcharges from 40% down to 20%. Sixth, the City’s water utility would agree to extend water mains to serve new development at no cost to either the Townships or the City.

A summary of the benefits to the City and the Townships has been provided, but perhaps the most important benefit has not been clearly stated – mutually beneficial, collaborative economic development between the City and the Townships.

Based on the key terms of the City’s proposal, Public Financial Management (PFM) has prepared an analysis of the projected financial impacts on the Townships, the City, and the region as a whole. The assumptions used in creating these projections are detailed in the body of this report.

Projections of the impact of the City’s JEDD proposal on Austintown are based on 500 acres of new development and 2,500 new jobs. The new development is projected to add \$3,400,000 annually in property tax revenues after all abatements end. Cumulatively, the direct income and property taxes along with matching economic development funds are projected to total \$76 million over the next twenty years. If one adds the benefit of the reduction in the water surcharge by the City’s water utility (estimated at \$22 million over 20 years) and the projected reduction in income taxes paid by Austintown residents working in Youngstown (estimated at \$40 million over 20 years), the total benefit of the proposed JEDD to Austintown is projected to be in excess of \$138 million.

Projections of the impact of the City’s JEDD proposal on Boardman are based on 250 acres of new development and redevelopment which will create 1,250 new jobs. The development is projected to ultimately add \$1,700,000 annually in property tax revenues. Cumulatively, the direct income and property taxes along with matching economic development funds are projected to total \$56 million over the next twenty years. If one adds the benefit of the reduction in the water surcharge by the City’s water utility (estimated at \$17 million over 20 years) and the projected reduction in income taxes paid by Boardman residents working in Youngstown (estimated at \$47 million over 20 years), the total benefit of the proposed JEDD to Boardman is projected to be approximately \$120 million.

Projections of the impact of the City’s JEDD proposal on the City of Youngstown itself include significant new income tax revenue from JEDDs (estimated at \$345 million over the next 20 years). However, the City is projected to use \$208 million to provide for a reduction in the City’s income tax rate, pay out \$11 million in matching economic



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development funds, and receive \$38 million less in water utility revenues due to the decrease in the surcharge from 40% to 20%. The net revenues to the City are estimated to be approximately \$87 million over the next 20 years. If one adds the benefit to the City's residents of paying lower income taxes, the total benefit to the City is estimated at \$149 million over the next 20 years.

In aggregate, the economic development for the region is projected at 750 acres of new development with a value of \$300 million, yielding \$5.1 million in additional property tax revenues annually by 2027. The region is also projected to create 3,750 new jobs with an annual payroll of \$170 million by 2027.

In addition to all the projected new jobs, development, and tax revenues provided above, the communities would also be reducing the disparity in both income tax rates and water rates, and eliminate regional annexation disputes for the foreseeable future. The City's proposed regional approach to economic development in the Mahoning Valley region is a 'win-win' for all parties.

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Background and Introduction



Background and Introduction

The economic problems facing the City of Youngstown and the Mahoning Valley corridor have been well documented, but are not unique. Major contributors to the below average economic conditions include deindustrialization, decentralization, and certain public policy decisions that have encouraged the departure of resources to suburban and exurban areas. There are strong links between the economic health of cities and that of their metropolitan areas and the most effective solutions to improve economic conditions of the region as a whole will come from a cooperative approach between all parties.

In 2001 the Metropolitan Area Research Council (MARC) was retained to study the social, demographic, and economic patterns in the Mahoning Valley. The study's conclusions were clear and unequivocal. The study found that:

- "Social and economic polarization and wasteful development patterns threaten the Mahoning Valley region."
- The current system of governance and taxation "creates overwhelming incentives for fiscal issues and competition for tax base to dominate land use planning."
- Youngstown has a concentration of poverty which is greater than the region as a whole. "The City of Youngstown stands out dramatically when comparing capacities and costs. Its property tax base per household was 35 percent lower than the regional average in the late 1990's, but its poverty rate was 151 percent higher than average."
- "The impact of concentrated poverty also extends into the larger regional economy by reducing the regional pool of skilled workers and otherwise creating a less attractive environment for economic growth and development."
- "Only through a strong, multifaceted, regional response can social and economic polarization and wasteful development patterns be countered."

The situation facing Youngstown and the Mahoning Valley corridor is not unique. A recent study of 302 U.S. cities by the Brookings Institution Metropolitan Policy Program found 65 central cities (including Youngstown) to be lagging based upon eight economic indicators. The Brookings study explained that the results originated from a number of historic factors including:



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1. The shift from a manufacturing economy to a knowledge based economy;
2. Extreme economic and residential decentralization; and
3. Federal, state and local policies which have undermined the ability to attract businesses and residents.

The Brookings report goes on to explain these factors in greater detail which we will summarize briefly:

1. Deindustrialization

According to the Brookings report, prior to the mid-20th century, cities such as Youngstown, were the centers of economic activity as a result of the clear competitive advantages in attracting industry. These advantages included "access to raw materials, dense transportation networks and proximity to markets." Beginning in the mid-20th century, a number of factors emerged which had a major impact on these cities:

"First, other--cheaper--places to set up and maintain shop emerged, enabling the inexorable movement of manufacturing firms from cities to suburbs, from the North to the South, and from the U. S. to countries abroad. This physical redistribution of manufacturing was later coupled with advances in automation that sparked increases in productivity and a reduction in companies' overall employment needs. Together, this "double whammy" rocked the economies of what were once the nation's industrial powerhouses, leaving them still struggling to adapt to a very new competitive landscape."

The long term effect of deindustrialization provided three distinct legacies which continue to limit industrial cities in their efforts to recover. These three legacies are:

- Lack of employment diversity and entrepreneurialism.
- Lower educational levels.
- A large amount of contaminated land which increases the cost to build new facilities.

2. Decentralization

In addition to deindustrialization, central cities were significantly impacted by a migration of people from central cities to suburban areas. As the Brookings report notes "new highways and cheap mortgages lured millions more upper- and middle-class Americans to the ever-expanding urban fringe."

The combination of middle-class exodus and the loss of industrial tax base "left many American Cities not only hyper-segregated, but increasingly poor and fiscally strapped." This led to an even further movement in population from the cities to suburban and exurban areas. The Brookings report cites a study by William Frey which examined city-suburban migration patterns from 1965 to 1970 and found that the population shift:



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"...was now primarily a result of various dimensions of central city decline, including city suburb fiscal disparities, particularly relative to tax levels, and the suburbanization of employment." Frey noted that "City residents...are being asked to pay higher taxes...than are their contemporaries in the suburbs. In return, they are not likely to receive proportionally better services and, in fact, can be virtually assured of lower quality schools and higher rates of crime."

As the population decline continued, central cities such as Youngstown have experienced a greater concentration of poverty, deteriorating neighborhoods, limited access to employment and the lack of educational opportunities necessary to compete for quality jobs.

3. Public Policy Decisions

While deindustrialization and decentralization were caused by a variety of economic and societal trends, a number of public policy decisions have facilitated the movement of people, jobs, and tax base from central cities to suburban and exurban areas.

These decisions range from taxation, regulation, educational and social policies to infrastructure and economic development decisions. In order to solve the problems identified in the MARC and Brookings reports, a number of public policy decisions at the federal, state, and local level will need to be evaluated.

Regional Impact

The problems associated with a declining central city do not end at the city boundaries. As the Brookings study explains: "The 'city', of course, is a political--not an economic--construct...markets don't adhere to the arbitrary boundaries that separate them from their surrounding jurisdictions. Cities are simply sub-units of the larger economic region."

Brookings examined the economic condition of 302 cities and their surrounding metropolitan areas and found a "strong link between the economic health of cities and that of their metropolitan areas." Of the 65 older industrial cities including Youngstown, the vast majority (46) are located in regions with a weak MSA Economic Condition index scores, including the Youngstown-Warren-Boardman MSA. Conversely, strong cities were primarily found in strong economic regions.

Brookings points out that, "economic decline and decay in nearly three-quarters of the country's weakest cities is not confined within their borders...the relationship between metros and the cities within them is very real--if perhaps not fully understood--and thus demands the attention of all who have a stake in their mutual prosperity."

The results of the Brookings study are consistent with a growing body of evidence which shows that there is a strong link between the health of a central city and the region surrounding it. Studies cited in the MARC report found that:



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"In a study of 78 metropolitan areas Ledebur and Barnes found that in most U.S. metropolitan areas, median household incomes of central cities and suburbs moved up and down together--and the strength of this relationship appears to be increasing. In an earlier study of 48 metropolitan areas, they also found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth. These and other scholars argue that cities and suburbs within a metropolitan area are interdependent and that when social and economic separation is minimized, the region is stronger."

Other studies have found that employment growth in cities has a positive impact on suburban housing prices and a strong correlation exists "between city and suburban job growth indicating that the market for business location is regional in scope."

"Together, these studies make a strong case for why suburbs need to care about their cities--and how over the long run they, too, will reap the benefits of policies and programs targeted at city revitalization."

Regional Approach

While there is no single solution to the problems facing the Mahoning Valley region, it is clear from the MARC report and the experience of other cities which have achieved success in addressing these issues, that regional problems can only be solved with a regional response.

Furthermore, the only way in which a region is able to take advantage of regional opportunities is through a cooperative regional approach.

The MARC study concludes that their research clearly "demonstrates the need for a regional approach to stabilize communities struggling with social and economic disinvestment, to reduce fiscal disparities and dependence on the local tax base to fund basic public services, and to discourage sprawling development patterns."

The MARC study recommends a focus on three broad areas of reform which could only be addressed on a regional basis: "1) greater fiscal equity among jurisdictions to reduce wasteful competition for economic investment; 2) a comprehensive regional approach to land use planning in the region; and 3) a stronger focus on governance from a regional perspective to shape the development of the region."

To this list the Brookings report would add that "cities and suburbs need to work together to bolster opportunities in, and the marketability of, their regions as a whole."

Combined, the MARC and Brookings studies make a strong case for the fact that the Mahoning Valley region has serious issues to address. These issues are not unique to either the City of Youngstown or the Mahoning Valley, but instead have been created through a series of broad economic and social trends and policies which have



Background and Introduction

significantly impacted a number of industrial communities. The issues facing the area are, however, clearly regional in nature and require a regional approach.

This approach is articulated in the Youngstown 2010 Vision which states that "The Mahoning Valley functions as one regional unit. The health of the region is tied to the health of Youngstown and vice versa. We need to discover the issues that require a "metropolitan approach". Mill Creek Metro Parks is a great example of what's possible when the region cooperates."

With this as background, the City of Youngstown is recommending that municipalities within the Mahoning Valley establish a regional approach to these issues beginning with the creation of Joint Economic Development Districts in the Townships of Austintown and Boardman. The purpose of this report is to review the process of creating Joint Economic Districts and assess the financial impacts of the City's proposal.

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Creating Joint Economic Development Districts



Creating Joint Economic Development Districts

Joint Economic Development Districts (JEDDs) have been successful in creating improved economic conditions for both a city and the surrounding townships. The terms and conditions of the JEDD contract between the city and townships are specific to the respective communities and require a great deal of consideration. Once a contract is negotiated, the creation of the JEDD requires significant public participation and a number of statutory steps prior to approval.

Both the MARC report and the Brookings report suggest the need for regional economic development initiatives and revenue sharing in order to promote the economic well being and quality of life for area residents. One regional approach which is authorized under State Statutes and has proven successful is the use of Joint Economic Development Districts (JEDDs).

A Joint Economic Development District is a separate political entity created by a city and township for the purpose of:

- Facilitating economic development.
- Preserving and creating jobs and development opportunities.
- Improving the economic welfare of people in the State, County, Township, City, and JEDD.

JEDDs were first authorized exclusively for use in Summit County at the request of the Mayor of Akron. JEDDs were conceived by the City of Akron as a "win-win" arrangement between the City of Akron and neighboring townships.

In reviewing the track record of these initial JEDDs created by the City of Akron and their neighboring townships, the Akron Workgroup on Joint Economic Development Districts has determined that these JEDDs have achieved their desired results. The workgroup found that:

"JEDDs have proven to promote regular cooperation and economic growth while maintaining City and Township autonomy, individuality, character, and quality of life. The JEDDs have also, as an alternative to annexation, permitted regional revenue sharing and decision making."

Additionally, these JEDDs received national recognition in 1999 with the first place award for large cities in the City Livability Award program. In recognizing the City of Akron and Mayor Plusquellic, the award noted that:

"Mayor Plusquellic demonstrated that the JEDD is a mechanism that allows community leaders to work locally while thinking regionally. The concept helps reduce the inherent conflict between cities and suburbs."



Creating Joint Economic Development Districts

Akron's JEDDs were also a contributing factor to Akron receiving recognition as one of only 17 cities in the Brookings study to move off of the list of distressed cities due to the significant improvement in economic factors which occurred between 1990 and 2000.

The success of these initial JEDDs prompted the state legislature to expand the authority to create JEDDs throughout the state.

In general, the creation of a JEDD benefits a township in the following manner:

- The JEDD agreement can eliminate future annexations by the city for the term of the contract (this could be for 20 years, 50 years, or even longer).
- The township will have the opportunity to receive income tax revenues from the JEDD, a revenue source not otherwise available to the township.
- To the extent that new economic development occurs within the JEDD, the township would be able to receive additional property taxes from new business locating in the township.

The City would also benefit from the creation of a JEDD. These benefits would include:

- Enabling the city to expand its income tax base without requiring annexation of township property.
- A cooperative approach to economic development and the ability to promote jobs and income growth in the region.
- To the extent that new economic development attracts businesses which are larger water users, the water utility would be able to better utilize existing excess capacity.

It is important to note that JEDD statutes provide the opportunity for local governments to create a customized, cooperative approach to economic development with many of the terms related to the JEDD subject to the negotiation of a contract between the cities and townships. Among other details, the contract determines the answers to the following important questions:

- How long will the JEDD be in existence?
- What are the geographic boundaries?
- What specific activities are to be undertaken within the JEDD?
- What are the responsibilities of the JEDD Board of Directors?



Creating Joint Economic Development Districts

- Who will be providing specific services?
- How will revenues be shared and distributed?

Clearly cities and neighboring townships must develop a mutual understanding concerning these critical issues before the statutory process of creating a JEDD can proceed.

Once a contract is negotiated, the creation of a JEDD requires a significant opportunity for public participation and a number of specific statutory steps prior to approval. The process for creating a JEDD is:

- Documents are presented and available for public inspection. These documents include:
 - Contract
 - Written description of JEDD area (commercial/industrial)
 - Economic Development Plan
- Public hearings are scheduled and notices published at least 30 days prior to hearings.
- Two public hearings are required in order to allow public comments and recommendations.
(One hearing by the city and one hearing by the township)
- Amendments to contract (if any) are made to reflect the results of the public hearing.
- Documents are presented to the county.
- Petitions requesting the creation of the JEDD are signed by a majority of property owners and business owners.
- City council and township trustees adopt ordinances approving the Contract.
- These additional documents are provided to county.
- The township provides notice to property owners and business owners not signing the petition.
- The JEDD is approved and no voter approval required if:
 - The resolution is adopted by all three trustees.



Creating Joint Economic Development Districts

- The creation of the JEDD is requested by a majority of land owners in the proposed JEDD.
- The territory included in the proposed JEDD is zoned appropriately (not residential).

This extensive process for creating the JEDDs assures a cooperative approach to economic development, requires meaningful participation by property owners and business owners located within the proposed JEDDs, and provides all residents with the opportunity to express their opinions.

* * * * *



City of Youngstown Proposal



City of Youngstown Proposal

The City of Youngstown is proposing the creation of JEDDs with both Austintown and Boardman townships. These mutually beneficial relationships would preserve the autonomy/boundaries of the townships and create new sources of revenue that will be used to spur economic development in the region.

In order to address the regional issues identified by the MARC, Brookings studies, and elsewhere, the City of Youngstown is proposing a regional approach to economic development through the creation of a series of Joint Economic Development Districts (JEDDs), beginning with a cooperative effort between the City of Youngstown and the Townships of Austintown and Boardman.

As previously described in this report, the first step in creating a JEDD is to negotiate a mutually beneficial contract between the city and the individual townships. As a starting point for this process, the City is proposing the following key terms:

- The JEDDs will be created with boundaries including the Townships' existing commercial and industrial properties.
- The JEDDs will not include residential areas, nor will they tax residential areas (in accordance with State Statutes).
- The City will agree not to annex property from the Townships during the life of the JEDDs (this could be for a 20 year, 50 year, or even longer time period).
- The JEDDs would levy an anticipated income tax of between 2.0% and 2.25%.
- The JEDDs would provide the City revenue based upon 2.0% of income.
- Individually, the Townships may choose to collect revenues based upon up to 0.25% of income.
- The City would match "dollar for dollar" any funds the Townships use to promote economic development up to the income tax level adopted by the individual Township. These funds can further be leveraged with funds from State and Federal sources.
- All new property tax revenues generated by the cooperative economic development effort would be retained by the Township in which the new development occurs.



City of Youngstown Proposal

- The City would immediately reduce existing water surcharges to Township residents from the current 40% surcharge to a 20% surcharge and limit future water rate increases to the same increases as City water users.
- The City's water utility would agree to extend water mains to serve new development at no cost to either the Townships or the JEDDs.
- Upon creation of the JEDDs the City would immediately reduce its tax rate by 0.25% followed by an additional 0.25% future reduction in order to provide regional tax equalization.

Based upon these key terms and conditions, PFM has prepared an analysis of the financial impacts on the Townships of Austintown and Boardman, the City of Youngstown, the region as a whole, and residents living and working in the region. The following sections of this report summarize the results of the analysis.

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Financial Impact ~ Austintown



Financial Impact ~ Austintown

Projections of the impact of the City's JEDD proposal for Austintown are for 500 acres of new development, 2,500 new jobs, income tax revenue for the Township from existing and newly created jobs, as well as, increased property taxes from new development. Additionally, Austintown would receive matching economic development dollars from the City of Youngstown and residents would benefit from lower water bills.

In order to estimate the financial impact of the City's proposal, PFM analyzed the potential revenue sources which would be generated from an income tax paid by existing employees currently working within Austintown and the potential additional revenues (both income tax and property tax) which could occur through a regional approach to promoting economic development within the JEDDs.

In estimating the potential income tax revenues, which would be generated by the individuals currently working in Austintown, PFM relied on a survey of area employers conducted for the Regional Income Tax Agency (RITA). RITA, formed in 1971, is a public entity created by Ohio municipalities to collect local income taxes and currently provides income tax collection services for 130 municipalities in the State of Ohio.

The RITA methodology is likely to produce a conservative estimate as to the number of employees working within Austintown because:

- Not all employers responded to the survey. (If there was no response, there were no estimated employees included in the RITA numbers)
- Individual responses to the survey varied and could be inconsistent (i.e., some included seasonal employees, others just full-time).
- The survey asked for a range of salary values for employees and RITA interpreted the data conservatively.

Taken together these factors create numbers which are likely to provide a conservative estimate as to both the number of employees and the potential revenues available from the proposed JEDDs. Based upon this methodology, RITA determined the average number of employees working in the following zip codes:



Financial Impact ~ Austintown

Austintown Township Workforce Estimate	
Zip Code	Number
44509	875
44511 *	503
44515	10,435
Total	11,813

* A portion of the 44511 zip code is in Boardman, however, it was assumed for this analysis that all employees work in the Austintown JEDD.

In order to estimate the average payroll per employee, PFM considered three sources of data which reported the following average payroll amount:

Austintown Township Average Payroll per Employee	
Payroll	Source
\$ 27,616	US Census, Mahoning County 2004 Average Payroll
28,576	Ohio Office of Strategic Resources, Mahoning County 2003 Unemployment Compensation data
29,091	City of Youngstown data based on upon average income tax per City Resident

In order to be conservative in projecting revenues, the lowest of these three numbers (\$27,616) is used.

Based upon RITA's estimated number of employees and the Census Bureau's estimated payroll, the total estimated payroll can be calculated as follows:

Austintown Township Total Workforce Payroll Estimate	
Number of Employees	11,813
Estimated Payroll Per Employee	x \$ 27,616
Total Estimated Payroll	\$ 326,227,808

A projected payroll of \$326,227,808 will generate income taxes in the amount of \$6,524,556 if a 2% tax is levied or \$7,340,125 if 2.25% tax is levied. It is important to note that a portion of this tax is already paid by Youngstown residents working in Austintown. There is no information available to determine the amount of taxes currently paid by Youngstown residents working in Austintown.

In order to provide a proxy for this information, PFM utilized year 2000 census data for the Youngstown-Warren-Boardman Metropolitan Statistical Area (MSA) which shows that there are a total of 254,075 workers living in the MSA including 40,535 living in Youngstown. If employees working in Austintown are representative of the region as a whole, then approximately 15.95% of the projected revenues to be generated by the



Financial Impact ~ Austintown

JEDD (between \$1,041,013 and \$1,171,140) are currently being paid to the City of Youngstown.

The City is proposing that Austintown receive revenues from the JEDD based upon a levy of 0.25%. To the extent that Austintown uses a portion of the funds for economic development, the City will match these funds on a "dollar for dollar" basis up to the entire amount collected. The annual impact to Austintown is shown in the following table:

Austintown Township						
0.25% Income Tax Levy Revenue Generation Estimate (Year 1)						
General Fund		+	Econ. Development Fund		=	Total
Rate	Revenue		Rate	Revenue		Revenue
0.25%	\$ 815,564		2 x 0.00 %	-		\$ 815,564
0.20%	652,451		2 x 0.05 %	\$ 326,226		978,677
0.15%	489,338		2 x 0.10 %	652,451		1,141,789
0.10%	326,226		2 x 0.15 %	978,677		1,304,903
0.05%	163,113		2 x 0.20 %	1,304,902		1,468,015
0.00%	-		2 x 0.25 %	1,631,128		1,631,128

To the extent that Austintown chooses to fund a program of economic development, additional revenues from both income and property taxes will be generated by new businesses locating in the area. Like the City of Youngstown's Economic Development Program, Austintown would be able to leverage scarce local resources with matching federal and state economic development grants. In addition, the JEDD revenues could provide economic incentives to private employers looking to expand or locate in the area. These incentives could include:

- Tax abatements in a portion of the Township
- Free land in exchange for investment
- Site development and infrastructure grants
- Relocation grants

In order to calculate the potential revenues available to Austintown from an aggressive economic development program, an analysis was conducted based upon the experience of the City of Youngstown's Economic Development Program. The assumptions used in this analysis are as follows:

- 500 acres within the JEDD will be developed during the next 10 years. The pace of this development will be affected by a number of factors, including national and regional economic conditions and the aggressiveness of the proposed Austintown Economic Development Program. The City's experience would indicate that the development could occur in less than the assumed 10 year time frame.



Financial Impact ~ Austintown

- Five new employees would be added for each acre of land.
- Consistent with the Mahoning County 2004 payroll data, the average payroll would be \$27,616 for each new job created. This amount is projected to increase by 2.5% annually beginning in the year 2008.
- Austintown would receive 0.25% of the payroll generated by the new jobs created in the JEDD.

Based upon these assumptions, Austintown would receive the revenues identified in the following table:

Austintown Township					
Income Tax Generation from Economic Development Estimate					
Year	Percent Developed	Acres	Jobs	Estimated Payroll	Annual New Income Tax Revenue
2007					
2008	5%	25	125	\$ 3,538,300	\$ 8,846
2009	20%	100	500	14,507,030	36,268
2010	30%	150	750	22,304,559	55,761
2011	40%	200	1,000	30,482,897	76,207
2012	50%	250	1,250	39,056,212	97,641
2013	60%	300	1,500	48,039,140	120,098
2014	70%	350	1,750	57,446,805	143,617
2015	80%	400	2,000	67,294,829	168,237
2016	90%	450	2,250	77,599,350	193,998
2017	100%	500	2,500	88,377,037	220,943
2018	100%	500	2,500	90,586,463	226,466
2019	100%	500	2,500	92,851,124	232,128
2020	100%	500	2,500	95,172,403	237,931
2021	100%	500	2,500	97,551,713	243,879
2022	100%	500	2,500	99,990,505	249,976
2023	100%	500	2,500	102,490,268	256,226
2024	100%	500	2,500	105,052,525	262,631
2025	100%	500	2,500	107,678,838	269,197
2026	100%	500	2,500	110,370,809	275,927
2027	100%	500	2,500	113,130,079	282,825
Total					\$ 3,658,802

As the table indicates, the Economic Development Program is projected to create 2,500 jobs with an annual payroll of \$113,130,079 and income tax revenue to Austintown in the amount of \$282,825 by the year 2027.

The economic development program would also generate additional property tax revenues for Austintown. For the purpose of estimating property tax revenues, the following additional assumptions, based again on the City of Youngstown's experience were utilized:



Financial Impact ~ Austintown

- For each acre developed, there would be 10,000 square feet of new buildings constructed.
- The new buildings would be valued at \$40.00 per square foot constructed, and the value of the construction would not change throughout the projection.
- Austintown would receive a tax based upon a property tax rate of \$17.00 per thousand of value, and the tax rate remains constant throughout the projection.
- In order to attract the development, it is assumed that Austintown would provide a 10 year, 50% property tax abatement on 250 of the projected 500 acres of new development occurring in the JEDD.

Based upon these assumptions, the following property tax revenues would be received by Austintown:

Austintown Township					
Property Tax Generation from Economic Development Estimate					
Year	Percent Developed	Acres	Square Feet New Construction	Value of New Construction	Annual New Property Tax Revenue
2007					
2008	5%	25	250,000	\$ 10,000,000	\$ 127,500
2009	20%	100	1,000,000	40,000,000	510,000
2010	30%	150	1,500,000	60,000,000	765,000
2011	40%	200	2,000,000	80,000,000	1,020,000
2012	50%	250	2,500,000	100,000,000	1,275,000
2013	60%	300	3,000,000	120,000,000	1,530,000
2014	70%	350	3,500,000	140,000,000	1,785,000
2015	80%	400	4,000,000	160,000,000	2,040,000
2016	90%	450	4,500,000	180,000,000	2,295,000
2017	100%	500	5,000,000	200,000,000	2,550,000
2018	100%	500	5,000,000	200,000,000	2,592,500
2019	100%	500	5,000,000	200,000,000	2,720,000
2020	100%	500	5,000,000	200,000,000	2,805,000
2021	100%	500	5,000,000	200,000,000	2,890,000
2022	100%	500	5,000,000	200,000,000	2,975,000
2023	100%	500	5,000,000	200,000,000	3,060,000
2024	100%	500	5,000,000	200,000,000	3,145,000
2025	100%	500	5,000,000	200,000,000	3,230,000
2026	100%	500	5,000,000	200,000,000	3,315,000
2027	100%	500	5,000,000	200,000,000	3,400,000
Total					\$ 44,030,000

The table shows that Austintown would realize 5,000,000 square feet of new commercial and industrial development, which would add \$200,000,000 in new property tax base. This tax base would provide \$3,400,000 in annual property tax revenues after all property tax abatements end.



Financial Impact ~ Austintown

As has been previously discussed, Austintown would also receive funds from the City on a "dollar for dollar" basis for each dollar spent on economic development within the JEDDs. For the purpose of this analysis, the assumption is that the amount of the City's payment would equal \$1,500 per job. This is based upon paying half of the cost of each job created at the City's historic experience of \$3,000 spent for each job created. It is further assumed that this amount would be paid to Austintown during the year in which the jobs are created. Given the previous set of assumptions, Austintown would receive an average of \$375,000 each year for 10 years. It is further assumed that the Township would continue to fund an ongoing annual economic development program at this level. The timing and total amount of these payments could vary significantly from this projection and will be largely dependent upon policy decisions made by Austintown.

The total revenues to be received by Austintown, then, will include the income taxes paid by individuals currently working in Austintown, employees working in the new jobs created by an economic development program, new property tax revenues paid by new businesses locating within Austintown and payments from the City of Youngstown to the Austintown Economic Development Fund.

In addition to these revenues, Austintown residents will benefit from a reduction in the City's existing water surcharge and a reduction in income taxes paid by Austintown residents working in Youngstown. Based upon the historic water usage in Austintown, the estimated value of the surcharge reduction in 2008 is \$749,117. Going forward, the value of this surcharge reduction will increase due to a combination of increases in usage and user rates.

The benefit of the City's income tax reduction to Austintown residents working in Youngstown was calculated based on the following methodology: The total amount of the estimated tax reduction was multiplied by 70% to reflect the portion of the existing tax paid by non-City residents. It was then assumed that 60% of this amount is being paid by residents of either Austintown or Boardman. This percentage was further allocated between Austintown (46.32%) and Boardman (53.68%) based upon U.S. census labor force population data. A projection of these revenues in tabular and graphical form is on the following page.

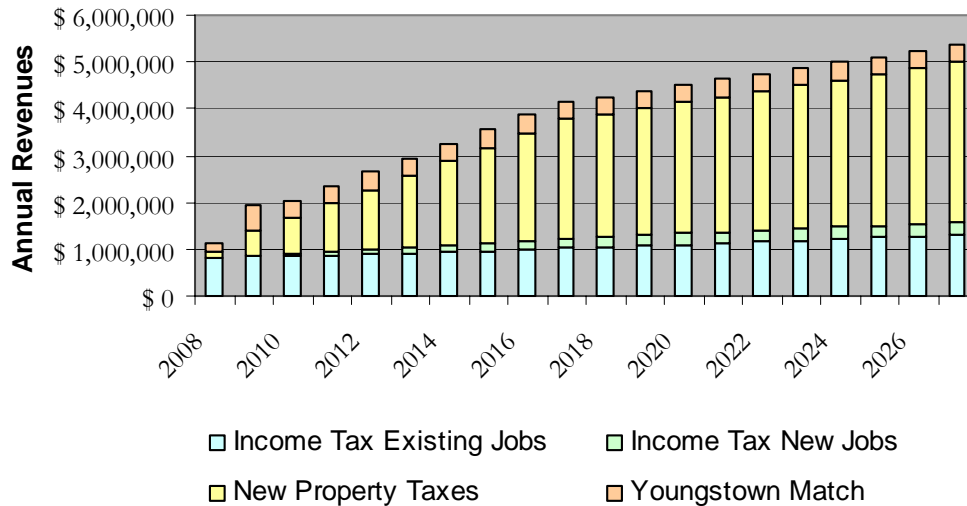


Financial Impact ~ Austintown

Austintown Township								
Total Projected Revenue/Benefit Received								
Year	Income Tax Existing Jobs	Income Tax New Jobs	New Property Taxes	Youngstown Economic Development Match	Total Incremental Revenue	Plus Reduction in Water Surcharge	Plus Resident Tax Reduction	Total Austintown Benefit
2008	\$ 815,564	\$ 8,846	\$ 127,500	\$ 187,500	\$ 1,139,410	\$ 749,117	\$ 808,242	\$ 2,696,769
2009	835,953	36,268	510,000	562,500	1,944,721	827,774	1,656,896	4,429,391
2010	856,852	55,761	765,000	375,000	2,052,613	871,232	1,698,318	4,622,163
2011	878,273	76,207	1,020,000	375,000	2,349,480	897,369	1,740,776	4,987,625
2012	900,230	97,641	1,275,000	375,000	2,647,871	924,290	1,784,296	5,356,457
2013	922,736	120,098	1,530,000	375,000	2,947,834	952,019	1,828,903	5,728,756
2014	945,804	143,617	1,785,000	375,000	3,249,421	980,580	1,874,626	6,104,627
2015	969,449	168,237	2,040,000	375,000	3,552,686	1,009,997	1,921,491	6,484,174
2016	993,686	193,998	2,295,000	375,000	3,857,684	1,040,297	1,969,529	6,867,510
2017	1,018,528	220,943	2,550,000	375,000	4,164,471	1,071,506	2,018,767	7,254,744
2018	1,043,991	226,466	2,592,500	375,000	4,237,957	1,103,651	2,069,236	7,410,844
2019	1,070,091	232,128	2,720,000	375,000	4,397,219	1,136,761	2,120,967	7,654,947
2020	1,096,843	237,931	2,805,000	375,000	4,514,774	1,170,863	2,173,991	7,859,628
2021	1,124,264	243,879	2,890,000	375,000	4,633,143	1,205,989	2,228,341	8,067,473
2022	1,152,371	249,976	2,975,000	375,000	4,752,347	1,242,169	2,284,049	8,278,565
2023	1,181,180	256,226	3,060,000	375,000	4,872,406	1,279,434	2,341,150	8,492,990
2024	1,210,709	262,631	3,145,000	375,000	4,993,340	1,317,817	2,399,679	8,710,836
2025	1,240,977	269,197	3,230,000	375,000	5,115,174	1,357,352	2,459,671	8,932,197
2026	1,272,002	275,927	3,315,000	375,000	5,237,929	1,398,072	2,521,163	9,157,164
2027	1,303,802	282,825	3,400,000	375,000	5,361,627	1,440,014	2,584,192	9,385,833
Total	\$ 20,833,305	\$ 3,658,802	\$ 44,030,000	\$ 7,500,000	\$ 76,022,107	\$ 21,976,303	\$ 40,484,283	\$ 138,482,693

A graphical depiction of the total projected revenues for Austintown is as follows:

Austintown Annual Projected JEDD Revenues



* * * * *



Financial Impact ~ Boardman



Financial Impact ~ Boardman

Projections of the impact of the City's JEDD proposal on Boardman are for 250 acres of new development and redevelopment, 1,250 new jobs, income tax revenue for the Township from existing and newly created jobs, as well as, increased property taxes from new development. Additionally, Boardman would receive matching economic development dollars from the City of Youngstown and residents would benefit from lower water bills.

In order to estimate the financial impact of the City's proposal on Boardman, PFM utilized the same methodology as was used in analyzing the impact on Austintown. PFM analyzed the potential revenues which would be generated from an income tax paid by existing employees currently working within Boardman and the potential additional revenues (both income tax and property tax) which could occur through a regional approach to promoting economic development within the JEDDs.

In estimating the potential income tax revenues which would be generated by the individuals currently working in Boardman, PFM relied on a survey of area employers conducted for the Regional Income Tax Agency (RITA).

The RITA methodology is likely to produce a conservative estimate as to the number of employees working within Boardman because:

- Not all employers responded to the survey. (If there was no response, there were no estimated employees included in the RITA numbers)
- Individual responses to the survey varied and could be inconsistent (i.e., some included seasonal employees, others just full-time).
- The survey asked for a range of salary values for employees and RITA interpreted the data conservatively.

Taken together these factors are likely to provide a conservative estimate as to both the number of employees and the potential revenues available from the proposed JEDDs. Based upon this methodology, RITA determined the average number of employees working in the 44512 zip code to be 13,576. RITA was not able to distinguish the portion of the 503 estimated employees working in the 44511 zip code which includes Austintown and Boardman. For the purpose of this analysis, only the 44512 zip code data is used.

In order to estimate the average payroll per employee, PFM considered three sources of data which reported the following average payroll amount:



Financial Impact ~ Boardman

Boardman Township	
Average Payroll per Employee	
Payroll	Source
\$ 27,616	US Census, Mahoning County 2004 Average Payroll
28,576	Ohio Office of Strategic Resources, Mahoning County 2003 Unemployment Compensation data
29,091	City of Youngstown data based on upon average income tax per City Resident

In order to be conservative in projecting revenues, the lowest of these three numbers (\$27,616) is used.

Based upon RITA's estimated number of employees and the Census Bureau's estimated payroll, the total estimated payroll can be calculated as follows:

Boardman Township	
Total Workforce Payroll Estimate	
Number of Employees	13,576
Estimated Payroll Per Employee	x \$ 27,616
Total Estimated Payroll	\$ 374,914,816

A projected payroll of \$374,914,816 will generate income taxes in the amount of \$7,498,296 if a 2% tax is levied or \$8,435,583 if 2.25% tax is levied. It is important to note that a portion of this tax is already paid by Youngstown residents working in Boardman. There is no information available to determine the amount of taxes currently paid by Youngstown residents working in Boardman.

In order to provide a proxy for this information, PFM utilized year 2000 census data for the Youngstown-Warren-Boardman Metropolitan Statistical Area (MSA) which shows that there are a total of 254,075 workers living in the MSA including 40,535 living in Youngstown. If employees working in Boardman are representative of the region as a whole, then approximately 15.95% of the projected revenues to be generated by the JEDD (between \$1,196,226 and \$1,345,800) are currently being paid to the City of Youngstown.

The City is proposing that Boardman receive revenues from the JEDD based upon a levy of 0.25%. To the extent that Boardman uses a portion of the funds for economic development, the City will match these funds on a "dollar for dollar" basis up to the entire amount collected. The annual impact to Boardman is shown in the following table:



Financial Impact ~ Boardman

Boardman Township						
0.25% Income Tax Levy Revenue Generation Estimate (Year 1)						
General Fund		+	Econ. Development Fund		=	Total
Rate	Revenue		Rate	Revenue		Revenue
0.25%	\$ 937,281		2 x 0.00 %	-		\$ 937,281
0.20%	749,824		2 x 0.05 %	\$ 374,912		1,124,736
0.15%	562,368		2 x 0.10 %	749,824		1,312,192
0.10%	374,912		2 x 0.15 %	1,124,737		1,499,649
0.05%	187,456		2 x 0.20 %	1,499,649		1,687,105
0.00%	-		2 x 0.25 %	1,874,561		1,874,561

To the extent that Boardman chooses to fund a program of economic development, there will be additional revenues from both income and property taxes generated by new businesses located in the area. Like the City of Youngstown's Economic Development Program, Boardman would be able to leverage scarce local resources with matching federal and state economic development grants. In addition, the JEDD revenues could provide economic incentives to private employers looking to expand or locate in the area. These incentives could include:

- Free land in exchange for investment
- Site development and infrastructure grants
- Relocation grants

Much of the new development or redevelopment is likely to occur on smaller sites throughout the Township. In order to promote small business development, the City is willing to contract with the Chamber of Commerce to assist in this effort.

In order to calculate the potential revenues available to Boardman from an aggressive economic development program, an analysis was conducted based upon the City of Youngstown's Economic Development Program. The assumptions used in this analysis are as follows:

- 250 acres within the JEDD will be developed or redeveloped during the next 10 years. The pace of this development will be affected by a number of factors, including national and regional economic conditions and the aggressiveness of the proposed Boardman Economic Development Program.
- Five new employees would be added for each acre of land.
- Consistent with the Mahoning County 2004 payroll data, the average payroll would be \$27,616 for each new job created. This amount is projected to increase by 2.5% annually beginning in the year 2008.
- Boardman would receive 0.25% of the payroll generated by the new jobs created in the JEDD.



Financial Impact ~ Boardman

Based upon these assumptions, Boardman would receive the revenues identified in the following table:

Boardman Township					
Income Tax Generation from Economic Development Estimate					
Year	Percent Developed	Acres	Jobs	Estimated Payroll	Annual New Income Tax Revenue
2007					
2008	5%	13	63	\$ 1,769,150	\$ 4,423
2009	20%	50	250	7,253,515	18,134
2010	30%	75	375	11,152,279	27,881
2011	40%	100	500	15,241,448	38,104
2012	50%	125	625	19,528,106	48,820
2013	60%	150	750	24,019,570	60,049
2014	70%	175	875	28,723,403	71,809
2015	80%	200	1,000	33,647,414	84,119
2016	90%	225	1,125	38,799,675	96,999
2017	100%	250	1,250	44,188,518	110,471
2018	100%	250	1,250	45,293,231	113,233
2019	100%	250	1,250	46,425,562	116,064
2020	100%	250	1,250	47,586,201	118,966
2021	100%	250	1,250	48,775,856	121,940
2022	100%	250	1,250	49,995,253	124,988
2023	100%	250	1,250	51,245,134	128,113
2024	100%	250	1,250	52,526,262	131,316
2025	100%	250	1,250	53,839,419	134,599
2026	100%	250	1,250	55,185,404	137,964
2027	100%	250	1,250	56,565,040	141,413
Total					\$ 1,829,401

The Economic Development Program would also generate additional property tax revenues for Boardman. For the purpose of estimating property tax revenues, the following additional assumptions, based again on the City of Youngstown's experience were utilized:

- For each acre developed, there would be 10,000 square feet of new buildings constructed.
- The new buildings would be valued at \$40.00 per square foot constructed, and the value of the construction would not change throughout the projection.
- Boardman would receive a tax based upon a property tax rate of \$17.00 per thousand of value, and the tax rate would remain constant throughout the projection.



Financial Impact ~ Boardman

Based upon these assumptions, the following property tax revenues would be received by Boardman:

Boardman Township					
Property Tax Generation from Economic Development Estimate					
Year	Percent Developed	Acres	Squire Feet New Construction	Value of New Construction	Annual New Property Tax Revenue
2007					
2008	5%	13	125,000	\$ 5,000,000	\$ 85,000
2009	20%	50	500,000	20,000,000	340,000
2010	30%	75	750,000	30,000,000	510,000
2011	40%	100	1,000,000	40,000,000	680,000
2012	50%	125	1,250,000	50,000,000	850,000
2013	60%	150	1,500,000	60,000,000	1,020,000
2014	70%	175	1,750,000	70,000,000	1,190,000
2015	80%	200	2,000,000	80,000,000	1,360,000
2016	90%	225	2,250,000	90,000,000	1,530,000
2017	100%	250	2,500,000	100,000,000	1,700,000
2018	100%	250	2,500,000	100,000,000	1,700,000
2019	100%	250	2,500,000	100,000,000	1,700,000
2020	100%	250	2,500,000	100,000,000	1,700,000
2021	100%	250	2,500,000	100,000,000	1,700,000
2022	100%	250	2,500,000	100,000,000	1,700,000
2023	100%	250	2,500,000	100,000,000	1,700,000
2024	100%	250	2,500,000	100,000,000	1,700,000
2025	100%	250	2,500,000	100,000,000	1,700,000
2026	100%	250	2,500,000	100,000,000	1,700,000
2027	100%	250	2,500,000	100,000,000	1,700,000
Total					\$ 26,265,000

As the table above indicates, the Economic Development Program is projected to create 2,500,000 square feet of new commercial and industrial space which will ultimately pay \$1,700,000 in annual property tax payments.

As has been previously discussed, Boardman would also receive funds from the City on a "dollar for dollar" basis for each dollar spent on economic development within the JEDDs. For the purpose of this analysis, the assumption is that the amount of the City's payment would equal \$1,500 per job (based upon paying half of the cost of each job created at the City's historic experience of \$3,000 spent for each job created). It is further assumed that this amount would be paid to Boardman during the year in which the jobs are created. Given the previous set of assumptions, and as shown on the following table, Boardman would receive an average of \$187,500 each year for 10 years. It is further assumed that the Township would continue to fund ongoing annual economic development at this level. The timing and total amount of these payments could vary significantly from this projection and will be largely dependent upon policy decisions made by Boardman.

The total revenues to be received by Boardman, then, will include the income taxes paid by individuals currently working in Boardman, employees working in the new jobs



Financial Impact ~ Boardman

created by an economic development program, new property tax revenues paid by new businesses locating within Boardman and payments from the City of Youngstown to the Boardman Economic Development Fund.

In addition to these revenues, Boardman residents will benefit from a reduction in the City's existing water surcharge and a reduction in income taxes paid by Boardman residents currently working in Youngstown. Based upon the historic water usage in Boardman, the estimated value of this surcharge reduction in 2008 is \$576,244. Going forward, the value of this surcharge reduction will increase due to a combination of increases in usage and user rates.

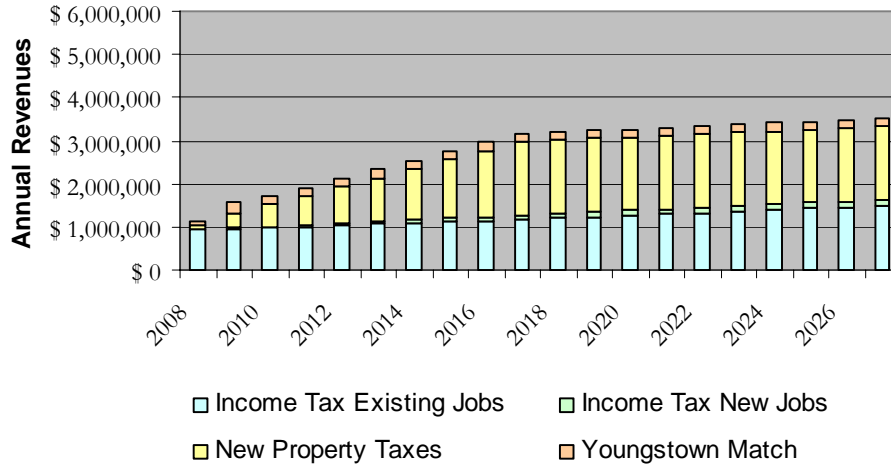
The benefit of the City's income tax reduction to Boardman residents working in Youngstown was calculated based on the following methodology: The total amount of the estimated tax reduction was multiplied by 70% to reflect the portion of the existing tax paid by non-City residents. It was then assumed that 60% of this amount is being paid by residents of either Austintown or Boardman. This percentage was further allocated between Austintown (46.32%) and Boardman (53.68%) based upon U.S. census labor force population data. A projection of these revenues in tabular and graphical form is presented as follows.

Boardman Township								
Total Projected Revenue/Benefit Received								
Year	Income Tax Existing Jobs	Income Tax New Jobs	New Property Taxes	Youngstown Economic Development Match	Total Incremental Revenue	Plus Reduction in Water Surcharge	Plus Resident Tax Reduction	Total Boardman Benefit
2008	\$ 937,281	\$ 4,423	\$ 85,000	\$ 93,750	\$ 1,120,454	\$ 576,244	\$ 936,667	\$ 2,633,365
2009	960,713	18,134	340,000	281,250	1,600,097	636,749	1,920,168	4,157,014
2010	984,731	27,881	510,000	187,500	1,710,112	670,179	1,968,172	4,348,463
2011	1,009,349	38,104	680,000	187,500	1,914,953	690,284	2,017,376	4,622,613
2012	1,034,583	48,820	850,000	187,500	2,120,903	710,993	2,067,811	4,899,707
2013	1,060,447	60,049	1,020,000	187,500	2,327,996	732,322	2,119,506	5,179,824
2014	1,086,959	71,809	1,190,000	187,500	2,536,268	754,292	2,172,494	5,463,054
2015	1,114,133	84,119	1,360,000	187,500	2,745,752	776,921	2,226,806	5,749,479
2016	1,141,986	96,999	1,530,000	187,500	2,956,485	800,228	2,282,476	6,039,189
2017	1,170,536	110,471	1,700,000	187,500	3,168,507	824,235	2,339,538	6,332,280
2018	1,199,799	113,233	1,700,000	187,500	3,200,532	848,962	2,398,026	6,447,520
2019	1,229,794	116,064	1,700,000	187,500	3,233,358	874,431	2,457,977	6,565,766
2020	1,260,539	118,966	1,700,000	187,500	3,267,005	900,664	2,519,426	6,687,095
2021	1,292,052	121,940	1,700,000	187,500	3,301,492	927,684	2,582,412	6,811,588
2022	1,324,354	124,988	1,700,000	187,500	3,336,842	955,515	2,646,972	6,939,329
2023	1,357,462	128,113	1,700,000	187,500	3,373,075	984,180	2,713,147	7,070,402
2024	1,391,399	131,316	1,700,000	187,500	3,410,215	1,013,705	2,780,975	7,204,895
2025	1,426,184	134,599	1,700,000	187,500	3,448,283	1,044,117	2,850,500	7,342,900
2026	1,461,838	137,964	1,700,000	187,500	3,487,302	1,075,440	2,921,762	7,484,504
2027	1,498,384	141,413	1,700,000	187,500	3,527,297	1,107,703	2,994,806	7,629,806
Total	\$ 23,942,523	\$ 1,829,401	\$ 26,265,000	\$ 3,750,000	\$ 55,786,924	\$ 16,904,848	\$ 46,917,017	\$ 119,608,789



Financial Impact ~ Boardman

Boardman Annual Projected JEDD Revenues



* * * * *



Financial Impact ~ Youngstown



Financial Impact ~ Youngstown

Projections of the impact of the City's JEDD proposal on the City include significant new income tax revenue from employees working in Austintown and Boardman. Much of this new income tax revenue will be used by the City to meet its commitment to lower income taxes on individuals working in or living in the City, to reduce water rates to Township residents and to provide matching funds for the Townships' economic development programs.

Under the terms of the proposal as outlined herein, the City will receive additional revenues from payroll taxes levied in the Austintown and Boardman JEDDs. These revenues will first be used to offset a reduction in income tax revenues from individuals either working in or living in the City in order to provide for an equalization of the region's tax rate.

Secondly, a portion of the incremental payroll tax revenue will be used to fund the City's commitment to match "dollar for dollar" the economic development efforts in Austintown and Boardman and to reduce water rates for Township residents. Having provided for these commitments, the net new revenues will be available for the City to meet existing challenges and take advantage of new opportunities to improve the quality of life for area residents.

The following analysis quantifies the estimated amount of revenues and the offsetting costs of the commitments contained in the proposal. There is, however, no attempt to quantify the opportunity costs associated with the City's commitment to forgo its ability to annex property in Austintown and Boardman. It is unknown if or when any annexation would occur, but given the long term nature of the JEDD agreements, it is likely that the city would receive some amount of property tax revenue through future annexations. It is possible that the total amount of revenue could be significant.

Based upon the assumptions previously discussed in this report, the projected City of Youngstown revenues are identified in the following table. The table contains columns described as follows:

Existing Payroll. The table shows the total estimated existing payroll for current employers in Austintown and Boardman. The existing payroll represents 25,389 employees. The payroll is assumed to increase by 2.5% annually.

Gross Income Tax. This column represents the City of Youngstown's share of the additional taxes assuming that the tax is based upon 2% of estimated payroll.

Existing Income Tax. A portion of this tax is already paid by Youngstown residents working in either Austintown or Boardman. As previously discussed, in order to provide a proxy for this information, PFM utilized year 2000 census data



Financial Impact ~ Youngstown

for the Youngstown-Warren-Boardman Metropolitan Statistical Area. If employees working in Austintown and Boardman are representative of the region as a whole, then approximately 15.95% of the projected revenues to be generated by the JEDDs are currently being paid to the City of Youngstown.

Net Increase. The net increase in revenues to the City from the creation of the JEDDs is the difference between the gross tax and the existing tax paid by Youngstown residents currently working in either Austintown or Boardman.

Incremental Payroll. In addition to revenues generated from existing employees, the City will benefit from a regional approach to economic development. The amount and timing of the projected revenues will depend on the success of the proposed new regional approach. The incremental gross payroll is estimated based upon the number of jobs, average payroll, and development assumptions previously identified for new development in the Austintown and Boardman JEDDs.

Incremental Income Tax. The City of Youngstown's additional revenues from new development in the JEDDs assuming a tax based upon 2% of estimated payroll.

Total Payroll. The summation of the Existing and Incremental payrolls.

Total Income Tax. The estimated income tax generated from both existing and incremental payrolls assuming a 2% tax.

Total Projected JEDD Income Tax Revenue (Available to Austintown, Boardman, Youngstown)								
Year	Existing Jobs			New Jobs			Total Payroll	Total Inc. Tax
	Existing Payroll	Gross Inc. Tax	Existing Inc. Tax	Net Increase	Incremental Payroll	Incremental Inc. Tax		
2008	\$ 701,167,801	\$ 14,023,356	\$ (2,237,279)	\$ 11,786,077	\$ 5,307,450	\$ 106,149	\$ 706,475,251	\$ 11,892,226
2009	718,696,996	14,373,940	(2,293,211)	12,080,729	21,760,545	435,211	740,457,541	12,515,940
2010	736,664,421	14,733,288	(2,350,542)	12,382,747	33,456,838	669,137	770,121,259	13,051,884
2011	755,081,031	15,101,621	(2,409,305)	12,692,316	45,724,345	914,487	800,805,376	13,606,803
2012	773,958,057	15,479,161	(2,469,538)	13,009,623	58,584,317	1,171,686	832,542,374	14,181,309
2013	793,307,009	15,866,140	(2,531,276)	13,334,864	72,058,710	1,441,174	865,365,719	14,776,038
2014	813,139,684	16,262,794	(2,594,558)	13,668,236	86,170,208	1,723,404	899,309,892	15,391,640
2015	833,468,176	16,669,364	(2,659,422)	14,009,941	100,942,243	2,018,845	934,410,419	16,028,786
2016	854,304,880	17,086,098	(2,725,908)	14,360,190	116,399,024	2,327,980	970,703,904	16,688,170
2017	875,662,502	17,513,250	(2,794,055)	14,719,195	132,565,555	2,651,311	1,008,228,057	17,370,506
2018	897,554,065	17,951,081	(2,863,907)	15,087,175	135,879,694	2,717,594	1,033,433,759	17,804,769
2019	919,992,917	18,399,858	(2,935,504)	15,464,354	139,276,687	2,785,534	1,059,269,604	18,249,888
2020	942,992,739	18,859,855	(3,008,892)	15,850,963	142,758,604	2,855,172	1,085,751,343	18,706,135
2021	966,567,558	19,331,351	(3,084,114)	16,247,237	146,327,569	2,926,551	1,112,895,127	19,173,788
2022	990,731,747	19,814,635	(3,161,217)	16,653,418	149,985,758	2,999,715	1,140,717,505	19,653,133
2023	1,015,500,041	20,310,001	(3,240,247)	17,069,753	153,735,402	3,074,708	1,169,235,443	20,144,461
2024	1,040,887,542	20,817,751	(3,321,254)	17,496,497	157,578,787	3,151,576	1,198,466,329	20,648,073
2025	1,066,909,730	21,338,195	(3,404,285)	17,933,910	161,518,257	3,230,365	1,228,427,987	21,164,275
2026	1,093,582,473	21,871,649	(3,489,392)	18,382,257	165,556,213	3,311,124	1,259,138,686	21,693,381
2027	1,120,922,035	22,418,441	(3,576,627)	18,841,814	169,695,119	3,393,902	1,290,617,154	22,235,716
Total		\$ 358,221,828	(57,150,534)	\$ 301,071,295		\$ 43,905,625		\$ 344,976,920

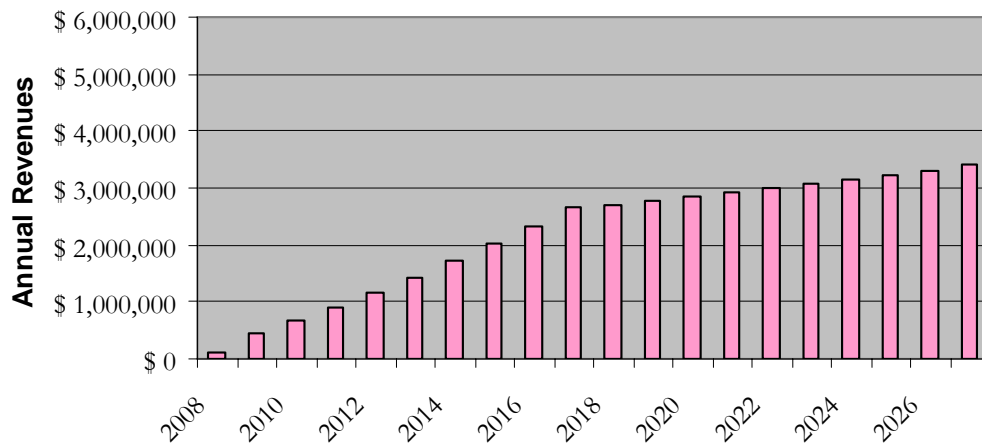


Financial Impact ~ Youngstown

The Total Income Tax revenues identified in the table will be partially offset by the City's commitment to reduce its income tax on individuals currently working or living in the City. Reducing the rate from 2.75% to 2.5% will result in a reduction of 9.1% in revenues. During 2006, the City collected \$45,700,000 in income tax revenues. The impact of reducing the tax rate would result in a reduction in the amount of approximately \$4,154,545 during 2008. A further 0.25% reduction in the City's tax rate is assumed to occur on 2009 in order to meet the goal of regional tax equalization.

The City will also fund its commitment to match "dollar for dollar" any economic development expenditures by Austintown and Boardman and its commitment to reduce the existing water surcharge. A graph illustrating the projected incremental income tax revenue from new jobs to the City of Youngstown is as follows:

**Youngstown Projected Annual JEDD
Incremental Income Tax Revenue**



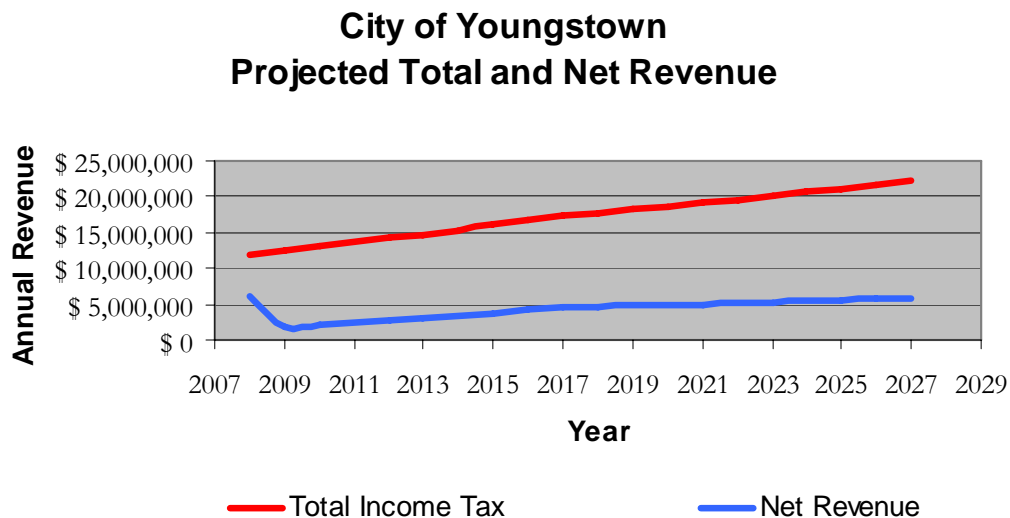


Financial Impact ~ Youngstown

The following table shows the projected total revenue, net revenue, and total Youngstown benefit:

City of Youngstown Total Projected Revenue/Net Revenue Received/Total Benefit							
Year	Total Inc. Tax Revenue	Less: City Tax Reduction	Less: Economic Development Match	Less: Reduction in Water Surcharge	Net Revenue	Plus: Resident Tax Reduction	Total Youngstown Benefit
2008	\$ 11,892,226	\$ (4,154,545)	\$ (281,250)	\$ (1,325,361)	\$ 6,131,069	\$ 1,246,364	\$ 7,377,433
2009	12,515,940	(8,516,818)	(843,750)	(1,464,523)	1,690,848	2,555,045	4,245,893
2010	13,051,884	(8,729,739)	(562,500)	(1,541,411)	2,218,234	2,618,922	4,837,156
2011	13,606,803	(8,947,982)	(562,500)	(1,587,653)	2,508,667	2,684,395	5,193,062
2012	14,181,309	(9,171,682)	(562,500)	(1,635,283)	2,811,845	2,751,504	5,563,349
2013	14,776,038	(9,400,974)	(562,500)	(1,684,341)	3,128,223	2,820,292	5,948,515
2014	15,391,640	(9,635,998)	(562,500)	(1,734,872)	3,458,270	2,890,799	6,349,069
2015	16,028,786	(9,876,898)	(562,500)	(1,786,918)	3,802,471	2,963,069	6,765,540
2016	16,688,170	(10,123,820)	(562,500)	(1,840,525)	4,161,325	3,037,146	7,198,471
2017	17,370,506	(10,376,916)	(562,500)	(1,895,741)	4,535,349	3,113,075	7,648,424
2018	17,804,769	(10,636,339)	(562,500)	(1,952,613)	4,653,317	3,190,902	7,844,219
2019	18,249,888	(10,902,247)	(562,500)	(2,011,192)	4,773,949	3,270,674	8,044,623
2020	18,706,135	(11,174,804)	(562,500)	(2,071,527)	4,897,304	3,352,441	8,249,745
2021	19,173,788	(11,454,174)	(562,500)	(2,133,673)	5,023,441	3,436,252	8,459,693
2022	19,653,133	(11,740,528)	(562,500)	(2,197,684)	5,152,421	3,522,158	8,674,579
2023	20,144,461	(12,034,041)	(562,500)	(2,263,614)	5,284,306	3,610,212	8,894,518
2024	20,648,073	(12,334,892)	(562,500)	(2,331,522)	5,419,159	3,700,468	9,119,627
2025	21,164,275	(12,643,264)	(562,500)	(2,401,469)	5,557,041	3,792,979	9,350,020
2026	21,693,381	(12,959,346)	(562,500)	(2,473,512)	5,698,023	3,887,804	9,585,827
2027	22,235,716	(13,283,330)	(562,500)	(2,547,717)	5,842,169	3,984,999	9,827,168
Total	\$ 344,976,920	\$ (208,098,337)	\$ (11,250,000)	(38,881,151)	\$ 86,747,432	\$ 62,429,500	\$ 149,176,932

A graphical representation of the projected Total Income Tax Generated and the Net Revenue Impact to the City of Youngstown of the proposed JEDD is as follows:

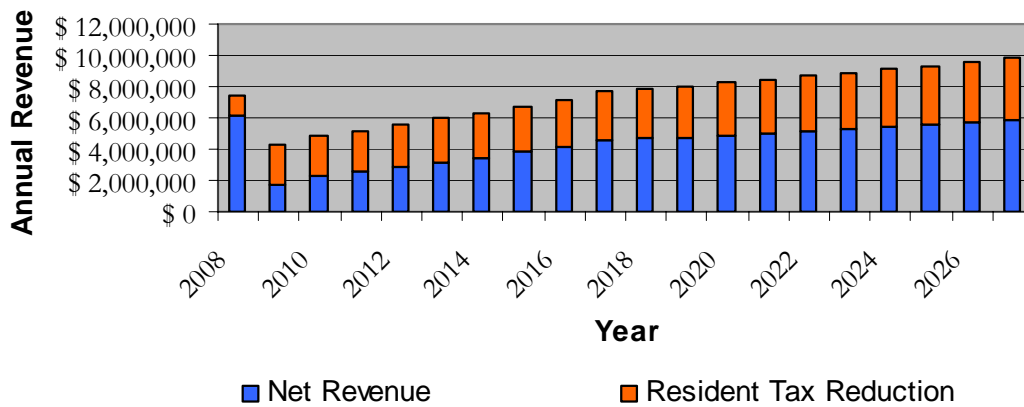




Financial Impact ~ Youngstown

Like residents of Austintown and Boardman, Youngstown residents would benefit from the City's proposed reduction in the income tax rate paid by those living in or working in Youngstown. Based upon the City's analysis of recent income tax collections, it is estimated that approximately 30% of the City's income taxes are paid by Youngstown residents. The following exhibit shows the total benefit to the City including the benefit to Youngstown residents.

City of Youngstown Projected Total Benefit



* * * * *



Financial Impact ~ General



Aggregate projections of the JEDDs include 750 acres of new development, 3,750 new jobs and millions of dollars in property tax revenue attributed to the new development facilitated by the JEDDs. If the projections become a reality the JEDDs will be tremendously successful venture between the communities. The City's proposal will impact individuals differently depending upon where the individuals work and live. However, the JEDDs create a more equitable tax climate and increases economic development and opportunities for the three communities.

Financial Impact to the Mahoning Valley Region

As previously discussed, one of the conclusions of the MARC analysis, supported by a significant number of independent studies, is that the Mahoning Valley is one region and as such will only be able to succeed through regional cooperation. It is therefore necessary to analyze the total financial impact on the region and not just the impact on the individual governments within the region.

The analysis contained in this report demonstrates that the proposal by the City of Youngstown will provide a regional approach to economic development which is projected to result in:

- 750 acres of new industrial and commercial development or redevelopment within Austintown and Boardman.
- 3,750 new jobs.
- 7,500,000 square feet of new industrial and commercial buildings with an estimated value of \$300,000,000.
- New income tax revenues which are projected to grow from \$8,067,183 in 2008 to \$14,731,093 in 2027.
- New property tax revenues which will ultimately provide \$5,100,000 annually to Austintown and Boardman.
- An opportunity to reduce the disparity in both the income tax rates and water rates which currently exist in the region.
- An opportunity to eliminate regional annexation disputes for the foreseeable future.



Financial Impact ~ General

This information is further quantified in the following table. The table contains columns described as follows:

Total Acres Developed. Based upon previously described assumptions, the Mahoning Valley region will experience 750 acres of new industrial and commercial development and redevelopment (500 in Austintown and 250 in Boardman) during the next 10 years as a result of creating the JEDDs.

Total Additional Jobs. Five jobs will be created for each newly developed acre leading to 3,750 jobs by the year 2017.

Additional Annual Payroll. Using conservative estimates as to the average payroll, these jobs will provide a payroll of \$5,307,450 in 2008 and increase significantly as both the number of jobs and the average payroll increase.

Total Square Feet of New Construction. For each acre of new development it is assumed that 10,000 square feet of new buildings will be constructed. This will lead to the construction of an additional 750,000 square feet of industrial and commercial buildings in Austintown and Boardman.

Total Value New Construction. The value of the new construction is estimated to be at \$40.00 per square foot. The projection conservatively assumes that there is no inflationary increase in either construction cost or the value of the buildings.

Annual Additional Property Tax Revenues. Assuming a property tax rate of \$17.00 per thousand and a 10 year, 50% tax abatement in a portion of Austintown, the Townships would collect an increasing amount of property taxes each year with the annual payment equaling \$5,100,000 once all construction is complete and all abatements have ended. This number would rise if either the tax rate or the property values were to increase.

Net Income Tax Revenue. This column shows the total new income taxes paid to Austintown, Boardman, and Youngstown. The revenues include taxes paid by existing employees in Austintown and Boardman, new employees filling the 3,750 new jobs and a reduction in revenues caused by a reduction in the tax rate paid by those employees either working or living in Youngstown.

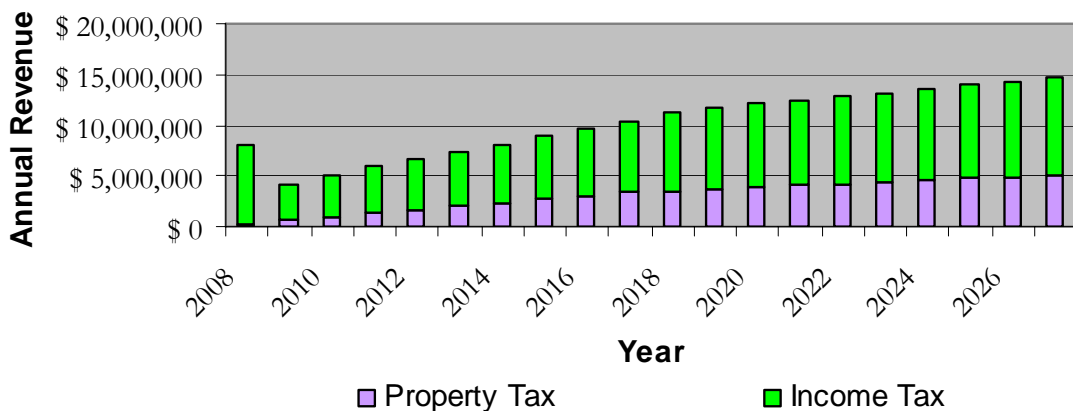


Financial Impact ~ General

Austintown, Boardman, Youngstown Projected Regional Impact of City's JEDD Proposal							
Year	Total Acres Developed	Total Additional Jobs	Annual Additional Payroll	Total Squire Feet New Construction	Total Value New Construction	Annual Additional Property Tax Revenue	Net Income Tax Revenue
2008	38	188	\$ 5,307,450	375,000	\$ 15,000,000	\$ 170,000	\$ 7,897,183
2009	150	750	21,760,545	1,500,000	60,000,000	680,000	3,541,916
2010	225	1,125	33,456,838	2,250,000	90,000,000	1,020,000	4,143,459
2011	300	1,500	45,724,345	3,000,000	120,000,000	1,360,000	4,510,600
2012	375	1,875	58,584,318	3,750,000	150,000,000	1,700,000	4,893,119
2013	450	2,250	72,058,710	4,500,000	180,000,000	2,040,000	5,291,553
2014	525	2,625	86,170,208	5,250,000	210,000,000	2,380,000	5,706,458
2015	600	3,000	100,942,243	6,000,000	240,000,000	2,720,000	6,138,408
2016	675	3,375	116,399,025	6,750,000	270,000,000	3,060,000	6,587,994
2017	750	3,750	132,565,555	7,500,000	300,000,000	3,400,000	7,055,827
2018	750	3,750	135,879,694	7,500,000	300,000,000	3,485,000	7,799,306
2019	750	3,750	139,276,686	7,500,000	300,000,000	3,740,000	7,984,526
2020	750	3,750	142,758,604	7,500,000	300,000,000	3,910,000	8,174,083
2021	750	3,750	146,327,569	7,500,000	300,000,000	4,080,000	8,368,076
2022	750	3,750	149,985,758	7,500,000	300,000,000	4,250,000	8,566,610
2023	750	3,750	153,735,402	7,500,000	300,000,000	4,420,000	8,769,787
2024	750	3,750	157,578,787	7,500,000	300,000,000	4,590,000	8,977,714
2025	750	3,750	161,518,257	7,500,000	300,000,000	4,760,000	9,190,498
2026	750	3,750	165,556,213	7,500,000	300,000,000	4,930,000	9,408,254
2027	750	3,750	169,695,119	7,500,000	300,000,000	5,100,000	9,631,093
Total						\$ 61,795,000	\$ 142,636,463

A graphical representation of the projected total revenue impact of the combined JEDDs is as follows:

**Austintown, Boardman, Youngstown
Projected JEDD Total Property and Income Taxes**





Financial Impact to Individuals

The impact of the City’s proposal on individual area residents will vary depending upon where the particular individual works and lives.

The City of Youngstown currently levies a 2.75% income tax on everyone working or living in the City. Upon creation of the JEDDs, the City would immediately reduce the tax rate to 2.5% followed by a future reduction of an additional 0.25%. As previously discussed, the JEDDs would not tax residential areas within Austintown and Boardman, but would levy a tax of either 2.0% or 2.25% on employees working within the JEDDs.

Briefly, the impact of the JEDD creation on individual residents will be as follows:

- a) Live in Township / Work in Youngstown = Lower Tax Rate
- b) Live in Township / Work Outside of JEDD = No Effect
- c) Live in Youngstown / Work in Township = Lower Tax Rate
- d) Live in Youngstown / Work in Youngstown = Lower Tax Rate
- e) Live in Township / Work in JEDD = Tax Rate Moves to 2.0 – 2.25% (Township receives portion of the revenue)

The impact of the JEDD creation can also be illustrated as a matrix.

Income Tax Effect Matrix for Proposed JEDD

		Live In:		
		Youngstown	Townships	Other Areas
Work In:	Youngstown	Lower	Lower	Lower
	Inside JEDD	Lower	Higher	Varies
	Other Areas	Lower	No Effect	No Effect

The following matrix further identifies the income tax rates paid by individuals under current policy, proposed policy and the net differential between the two.



Financial Impact ~ General

Income Tax Rates Matrix for Proposed JEDD

		Existing Policy			Proposed Policy			Net Impact		
		Live In:			Live In:			Live In:		
		Youngstown	Townships	Other Areas	Youngstown	Townships	Other Areas	Youngstown	Townships	Other Areas
Work In:	Youngstown	2.75%	2.75%	2.75%	2.25%	2.25%	2.25%	(0.50%)	(0.50%)	(0.50%)
	Inside JEDD	2.75%	0.00%	varies	2.25%	2.25%	varies	(0.50%)	2.25%	varies
	Other Areas	2.75%	varies	varies	2.25%	varies	varies	(0.50%)	none	none

In addition to the income tax impact, individuals would be impacted by the City's offer to reduce the amount of the water surcharge to residents of Austintown and Boardman. The impact to individuals would depend upon the amount of water used. For the water rates currently in effect, the following table quantifies the impacts to residents of Austintown and Boardman and the reduction in the water surcharge:

Estimated Reduction in Water Rates to the Townships (as of July 1, 2007)					
Monthly Usage (gallons)	Monthly Usage (cubic feet)	Existing Townships Monthly Water Bill 40% Surcharge	Proposed Townships Monthly Water Bill 20% Surcharge	Proposed Reduction Monthly Water Bill	Proposed Annual Savings
748	100	\$ 8.53	\$ 7.31	\$ 1.22	\$ 14.62
1,496	200	15.10	12.94	2.16	25.89
2,244	300	15.10	12.94	2.16	25.89
2,992	400	17.71	15.18	2.53	30.35
3,740	500	21.60	18.52	3.09	37.03
4,488	600	25.50	21.86	3.64	43.71
5,500	735	30.77	26.37	4.40	52.75
5,984	800	33.29	28.53	4.76	57.07
6,732	900	37.19	31.87	5.31	63.75
7,481	1,000	41.08	35.21	5.87	70.43
7,756	1,037	41.08	35.21	5.87	70.43
8,229	1,100	44.98	38.55	6.43	77.11
8,977	1,200	48.87	41.89	6.98	83.78
9,725	1,300	52.77	45.23	7.54	90.46
10,473	1,400	56.67	48.57	8.10	97.14
11,221	1,500	60.56	51.91	8.65	103.82
11,969	1,600	64.46	55.25	9.21	110.50
12,717	1,700	68.35	58.59	9.76	117.18
13,465	1,800	72.25	61.93	10.32	123.86
14,213	1,900	76.15	65.27	10.88	130.54
14,961	2,000	80.04	68.61	11.43	137.21
15,709	2,100	83.94	71.95	11.99	143.89

The average residential water user in Austintown and Boardman use approximately 5,500 gallons (735 cubic feet) of water each month. As the table indicates, the average user would experience a reduction of \$52.75 annually.



Financial Impact ~ General

Individuals living in Austintown, Boardman, and Youngstown could be further impacted should any of the additional revenues generated by the JEDDs be used to reduce existing taxes or prevent future tax increases. There has been no attempt to quantify this impact.

* * * * *



Water Utility Benefits



Water Utility Benefits

One of the benefits that residents of Austintown and Boardman would receive is reduced water utility bills. This section details how the costs would be decreased and compares higher water rates paid by nearby Aqua Ohio customers.

According to the Brookings Report, older industrial cities "possess a unique set of characteristics and resources that, if fully leveraged, could be converted into vital competitive assets". The City of Youngstown's assets include cultural institutions and activities, historic architecture, Youngstown State University, and regional medical facilities.

The leveraging of these assets will be critical to competing with other regions in the effort to revitalize and grow the Mahoning Valley economy and improve the standard of living for residents living in the region.

An additional vital asset of the region is a plentiful public water supply. It is estimated that Youngstown water distribution system currently serves 58,000 customers in Youngstown, Austintown, and Boardman combined, plus an additional 3,320 customers in Canfield for a total of 61,320 customers. The City's water is supplied by the Mahoning Valley Sanitary District (MVSD) from the 2,010-acre Meander Creek Reservoir.

Unlike many areas of the country, the Mahoning Valley has excess water capacity which can be utilized to promote economic development. MVSD currently provides approximately 24 million gallons of water per day to customers, but has the capacity to provide 60 million gallons of water per day. To the extent that this excess capacity can be leveraged, the area would not only be able to attract additional development, but ultimately the cost of providing water could be reduced as the fixed costs of operating the utility could be spread over a larger number of users.

The fact that the City's water utility is publicly owned is clearly an advantage to the proposed JEDDs in their efforts to attract additional development for three reasons:

- 1) As a partner in the JEDDs, the City is willing to extend water mains to new developments at no cost to either the JEDDs, Austintown or Boardman.
- 2) The water utility is responsive to its customers and citizen constituents instead of separate owners and investors.
- 3) The city is able to provide water at a lower cost than that of a privately owned utility.

The advantages of public ownership for larger (5,000 or more customer) utilities is clearly articulated by Walter J. Pishkur in his paper entitled "Strategic Segmentation of



Water Utility Benefits

the Water Utility Industry". Mr. Pishkur notes that it is a "momentous task" for a private water utility to acquire a large municipal system because:

"The large municipalities consistently place great significance on being able to provide economic and social good for their constituents, as well as a strong desire to control growth and services which go on within their boundaries. They traditionally have a high desire to grow through annexation, and to lever this annexation by the provision of utility services. In addition, these organizations are strongly influenced by consumer concerns, primarily the cost of services. To that end, large municipalities have an advantage due to their tax-exempt status for revenues generated, as well as their ability to attract large sums of capital through low interest bonding because they are a public entity."

The City of Youngstown's ability to operate as a public utility allows the City to provide water at a lower cost to customers than it could if it were a privately owned facility.

Even with the recently announced increases to the City of Youngstown water rates, the cost of water to businesses and residents is lower than those of Aqua of Ohio Struthers Division. The comparative monthly amount for an average (5,500 gallons) user are as follows given the known rates for 2007 and 2008 and assuming that the 2009 Aqua rate increases at the average rate of increase during the last 3 years:

Austintown and Boardman		
Average User Monthly Water Rate Comparison - No JEDD		
No JEDD		
	Average User Monthly Water Cost	Average User Monthly Water Cost
Beginning Date	Youngstown	Aqua Ohio
July 1, 2007	\$ 30.77	\$ 37.42
July 1, 2008	34.00	39.10
July 1, 2009	37.57	40.91

The competitive advantage of the City's economic development proposal will be even larger due to the City's proposed reduction in the existing surcharge. Once the surcharge reduction is in place, the rate differential for an average monthly user would be as follows:

Austintown and Boardman		
Average User Monthly Water Rate Comparison - With JEDD		
With JEDD		
	Average User Monthly Water Cost	Average User Monthly Water Cost
Beginning Date	Youngstown	Aqua Ohio
July 1, 2007	\$ 26.37	\$ 37.42
July 1, 2008	29.14	39.10
July 1, 2009	32.20	40.91

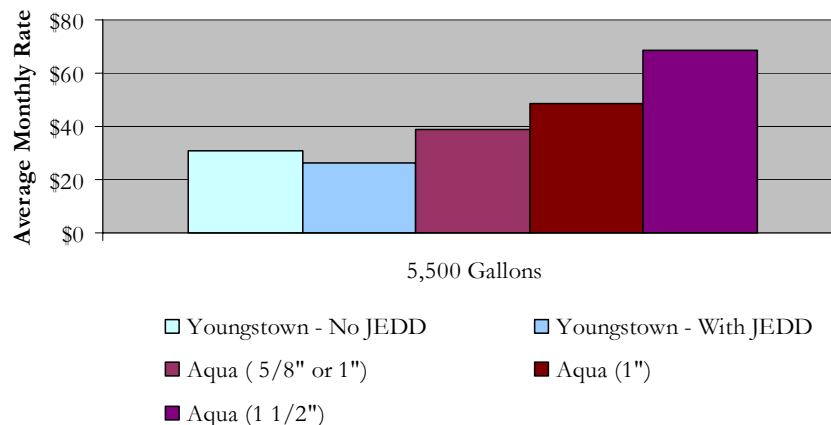


Water Utility Benefits

Since water usage varies depending upon the amount of water used (and in Aqua's rate structure by the size of the water meter) a more complete comparison of water rates is contained in the following table and associated graph:

Townships Monthly Water Rates Comparison: Youngstown vs. Aqua Ohio (as of July 1, 2007)						
Monthly Usage (gallons)	Monthly Usage (cubic feet)	Provider: Youngstown		Provider: Aqua Ohio		
		Existing Townships	Proposed Townships	Monthly Water Bill (5/8" or 3/4")	Monthly Water Bill (1")	Monthly Water Bill (1-1/2")
		Monthly Water Bill 40% Surcharge	Monthly Water Bill 20% Surcharge			
748	100	\$ 8.53	\$ 7.31	\$ 12.35	\$ 21.97	\$ 41.82
1,496	200	15.10	12.94	16.56	26.18	46.03
2,244	300	15.10	12.94	20.77	30.39	50.24
2,992	400	17.71	15.18	24.98	34.60	54.45
3,740	500	21.60	18.52	29.19	38.81	58.66
4,488	600	25.50	21.86	33.40	43.02	62.87
5,500	735	30.77	26.37	39.10	48.71	68.57
5,984	800	33.29	28.53	41.82	51.44	71.29
6,732	900	37.19	31.87	46.03	55.65	75.50
7,481	1,000	41.08	35.21	50.24	59.86	79.71
7,756	1,037	41.08	35.21	51.79	61.41	81.27
8,229	1,100	44.98	38.55	54.45	64.07	83.92
8,977	1,200	48.87	41.89	58.66	68.28	88.13
9,725	1,300	52.77	45.23	62.87	72.49	92.34
10,473	1,400	56.67	48.57	67.08	76.70	96.55
11,221	1,500	60.56	51.91	71.29	80.91	100.76
11,969	1,600	64.46	55.25	75.50	85.12	104.97
12,717	1,700	68.35	58.59	79.71	89.33	109.18
13,465	1,800	72.25	61.93	83.92	93.54	113.39
14,213	1,900	76.15	65.27	88.13	97.75	117.60
14,961	2,000	80.04	68.61	92.34	101.96	121.81
15,709	2,100	83.94	71.95	96.55	106.17	126.02

Monthly Water Rate Comparison
Average Township User



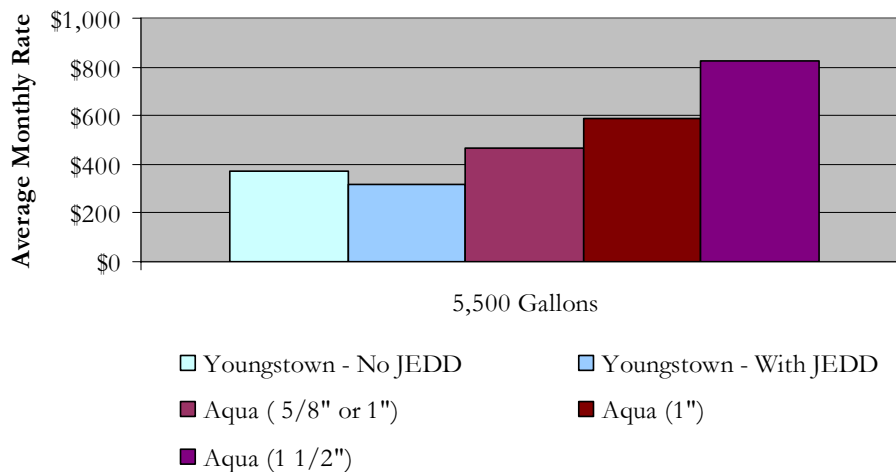


Water Utility Benefits

To show the magnitude of the differences in water rates the above monthly table and graph are presented on an annual basis as follows:

Townships Annual Water Rates Comparison: Youngstown vs. Aqua Ohio (as of July 1, 2007)						
Monthly Usage (gallons)	Monthly Usage (cubic feet)	Provider: Youngstown		Provider: Aqua Ohio		
		Existing Townships	Proposed Townships	Annual Water Bill (5/8" or 3/4")	Annual Water Bill (1")	Annual Water Bill (1-1/2")
		Annual Water Bill 40% Surcharge	Annual Water Bill 20% Surcharge			
748	100	\$ 102.36	\$ 87.74	\$ 148.20	\$ 263.60	\$ 501.90
1,496	200	181.20	155.31	198.72	314.12	552.42
2,244	300	181.20	155.31	249.24	364.64	602.94
2,992	400	212.47	182.12	299.76	415.16	653.46
3,740	500	259.22	222.19	350.28	465.68	703.98
4,488	600	305.98	262.27	400.80	516.20	754.50
5,500	735	369.23	316.48	469.15	584.56	822.85
5,984	800	399.48	342.41	501.84	617.24	855.54
6,732	900	446.23	382.48	552.36	667.76	906.06
7,481	1,000	492.98	422.56	602.88	718.28	956.58
7,756	1,037	492.98	422.56	621.49	736.89	975.18
8,229	1,100	539.74	462.63	653.40	768.80	1,007.10
8,977	1,200	586.49	502.70	703.92	819.32	1,057.62
9,725	1,300	633.24	542.78	754.44	869.84	1,108.14
10,473	1,400	679.99	582.85	804.96	920.36	1,158.66
11,221	1,500	726.74	622.92	855.48	970.88	1,209.18
11,969	1,600	773.50	663.00	906.00	1,021.40	1,259.70
12,717	1,700	820.25	703.07	956.52	1,071.92	1,310.22
13,465	1,800	867.00	743.14	1,007.04	1,122.44	1,360.74
14,213	1,900	913.75	783.22	1,057.56	1,172.96	1,411.26
14,961	2,000	960.50	823.29	1,108.08	1,223.48	1,461.78
15,709	2,100	1,007.26	863.36	1,158.60	1,274.00	1,512.30

**Annual Water Rate Comparison
Average Township User**





Water Utility Benefits

The lower rates and plentiful supply of the City's water system will assist the region in its efforts to attract economic development, especially for those commercial and industrial developments that utilize larger amounts of water.

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Summary and Conclusions



Summary and Conclusions

The economic problems facing the City of Youngstown and the Mahoning Valley corridor have been well documented, but are not unique. There are strong links between the economic health of cities and that of their metropolitan areas and the most effective solutions to improve economic conditions of the region as a whole will come from a cooperative approach between all parties.

The City of Youngstown is proposing a regional approach to economic development beginning with the creation of Joint Economic Development Districts in the Townships of Austintown and Boardman. These mutually beneficial relationships would preserve the autonomy/boundaries of the townships and create new sources of revenue that will be used to spur economic development in the region.

Projections of the impact of the City's JEDD proposal for Austintown are for 500 acres of new development, 2,500 new jobs, income tax revenue from existing and newly created jobs as well as increased property taxes from new development. Projections of the impact of the City's JEDD proposal for Boardman are for 250 acres of new development and redevelopment, 1,250 new jobs, income tax revenue from existing and newly created jobs as well as increased property taxes from new development. Additionally, Austintown and Boardman would receive matching economic development dollars from the City of Youngstown and residents would benefit from lower water bills.

Projections of the impact of the City's JEDD proposal on the City include significant new income tax revenue from employees working in Austintown and Boardman. Much of this new income tax revenue will be used by the City to meet its commitment to lower income taxes on individuals working in or living in the City, to reduce water rates to Township residents and to provide matching funds for the Township's economic development programs.

The City's proposed JEDDs create a more equitable tax climate and increases economic development and opportunities for the three communities, which is clearly a 'win-win' proposition.

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