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## MCOFuture: Formulas For Success in Montgomery County, Ohio

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## Background

The subject of regionalism and metropolitan government is one that has increasingly been addressed following the latest economic downturn and subsequent cuts in government funding. In today's globalizing world, metropolitan regions across the United States seek to not only attract new companies and jobs, but also to retain the companies and jobs they already have while remaining competitive in a global marketplace.

Rusk (2003) has identified two classifications for cities which describe how they grow and develop over time: these are the elastic city and the inelastic city. An *elastic city* is one that can more easily acquire additional territory so that it can expand and develop new properties outside of its already densely developed core. An *inelastic city* is one that usually has built itself up with higher density development inside more rigid, fixed boundaries, and is generally "unable or unwilling" to annex more land and develop horizontally outward (Rusk 2003, p. 12). Respectively, the terms "large-box" and "small-box" are also used by Rusk to describe these types of cities.

The small-box and large-box classifications Rusk identifies help to explain why many American central cities (particularly in the "Rust-Belt" region of the United States) have undergone a significant drop in population and a loss of sustained investment. Federal policies favoring homeownership encouraged suburbanization, which resulted in an exodus of wealthy and middle-class citizens to newly developing suburbs. As a result, the tax base of many older central cities declined, which made it more difficult for the central cities to keep up with rising service costs and the maintenance of aging infrastructure. Some examples of these 'inelastic' cities include Detroit, Syracuse, Cleveland, and Harrisburg (Rusk 2003, p. 17). Other cities were more fortunate in their ability to annex new land on their outskirts, effectively absorbing a share of suburban growth and investment. Some of these more 'elastic' cities include "Houston, Columbus, Albuquerque, Madison, and Raleigh" (Rusk 2003, p. 17).

Disconnect between a central city and its suburbs leads to the concept of *regionalism*, which in the case of this study refers to the effort to either consolidate services and municipalities, or to pursue more extensive collaboration between services and municipalities (in regard to tax sharing, public works, etc.). Still, regionalism can mean different things to different people. As Jepson (2008) describes, "some would place a high priority on efficiency of public services; others would emphasize the control of growth and urban sprawl; for still others, the principal objective would be to develop the economy, protect the environment or engage the public in collaborative processes" (p. 149). Several strategies and techniques have been employed by regions throughout the years to accomplish regional goals. One such example is called City-County Consolidation, where a

central city merges with its county to become one government unit. This can involve the elimination of duplicate departments and services in order to increase efficiency and cut costs. Another example is a Council of Governments (COG), which is an authority made up of some or all jurisdictions in one metropolitan region (including the central city and its suburbs).

## **Purpose of the Study**

Montgomery County, Ohio takes the future of the Dayton region seriously, which is why a community initiative known as MCOFuture has been launched. MCOFuture aims to connect area citizens, business leaders, community activists, and elected officials with one another in order to promote open discussion and dialogue concerning the future prosperity of Montgomery County and the Dayton region as a whole. It involves asking questions about the role of government in shaping the county's future and how it serves citizens and businesses. The topics of discussion include how we should (1) organize county and local government, (2) grow good jobs, (3) keep good companies and good leaders here, (4) preserve quality services with more affordable taxes, and (5) find leaders for the future. To determine answers to these questions, the County enlisted the services of four area universities (Wright State University, Central State University, Sinclair Community College and the University of Dayton) as well as a northeast Ohio consulting firm (Burgess and Burgess) to develop a study that would result in an understanding of where Montgomery County stands economically and structurally in comparison to similar counties across the nation. The Center for Urban and Public Affairs (CUPA) at Wright State University took on the responsibility of gathering data on the characteristics and practices of mid-sized urban counties.

## **Methodology**

### **Phase One: Establishing Criteria**

The first phase of the research plan sought to determine which U.S. counties were most similar to Montgomery County according to specific Census criteria. The study began with collecting the names of all U.S. counties with a population between 250,000 and 1,000,000 in 2010, resulting in a total of 222 counties. These population numbers were chosen to reflect a similar number of residents in Montgomery County, which had a 2010 Census population of approximately 535,000 residents. The list was then broken down further by eliminating counties that either did not contain a central city or were more suburban in character than Montgomery County. Counties containing a state

capital were also removed. This ended up reducing the list to a total of 132 counties.

The next step of phase one was to determine the actual performance of each of the 132 counties. Four different values from the U.S. Census Bureau were gathered on all of the counties to determine their overall performance. These values, known as “performance indicators,” were population growth (% change between 2000 and 2010), median home value (% change between 2000 and 2010), unemployment (absolute change between 2000 and 2011), and poverty (absolute change between 2000 and 2010). These values were chosen because they reflect perceived prosperity, economic health, and social equity in each county. All of the data was converted to cardinal values to ensure consistent meaning between values. Cardinal values for each of the four performance indicators were then added together to create an Actual Performance Index for each county. Honolulu County, Hawaii scored the highest on the Actual Performance Index (238.5), while Genesee County, Michigan scored the lowest (42.6).

The data was sent to Dr. Richard Stock at the University of Dayton Business Research Group for a multiple-regression analysis, which created an Expected Performance Index for each county. The Expected Performance Index was subtracted from the Actual Performance Index to create a final index, called the Winning Index, which identified counties that were doing “better than expected” based on the data given. All 132 counties were then ranked by the Winning Index.

An additional selection procedure was necessary to determine which counties were most similar to Montgomery that ranked highly on the Winning Index. The parameters in this procedure included city-county population ratios, above average manufacturing employment intensity in 2000, and manufacturing employment intensity changes between 2000 and 2009. The counties were given a score between 0 and 6 according to how well they fit Montgomery County’s parameters in the three categories. Two points awarded in a particular category meant that the measure matched perfectly. One point was awarded when the measure fit within a specified percentage of the parameter, indicating some similarity. Finally, no points were added if the measure fell outside of the parameter specified percentage. In the end, a score of 6 indicated a perfect match while a score of 0 implied very little similarity.

After analyzing both the Winning Index rankings and the 6-point system scores, the following list of nine counties similar to Montgomery County, yet doing better than expected, was developed:

COUNTY NAME	CENTRAL CITY NAME
Chatham County, Georgia	Savannah
Hillsborough County, New Hampshire	Manchester/Nashua
Knox County, Tennessee	Knoxville
Lane County, Oregon	Eugene/Springfield
Lehigh County, Pennsylvania	Allentown
Madison County, Alabama	Huntsville
Onondaga County, New York	Syracuse
Spokane County, Washington	Spokane
Utah County, Utah	Provo

The counties above became the focus for the second research phase of the MCOFuture study.

### **Phase Two – Part One: Preliminary Data Research**

The purpose of the second phase was to determine the factors that explained the economic success for each of the nine identified counties. This task required information and perspectives from leaders involved in the day-to-day activities within each county. Public sector leaders, including mayors, county executives, county commissioners, city administrators, and city managers were selected as important “behind-the-scenes” individuals to interview about the status of their county. Private sector leaders, including chamber of commerce presidents and CEOs of local corporations, were also pinpointed as potential interviewees.

Prior to scheduling interviews, a variety of preliminary data was gathered for the purpose of familiarizing interviewers with the characteristics of each county. A large majority of this data was obtained via the internet. Basic information on topics such as government structure (in both the city and county), tax structure (including applicable types and rates), cost of living (using the ACCRA index), and employment sectors (using EMSI data) was collected and

organized into easily-digestible county profiles. General quality of life information concerning topics such as local history and amenities was also gathered. Major past events, including World Fairs or Olympic Games, were recorded in this section. For example, both Spokane County (Spokane) and Knox County (Knoxville) had hosted World's Fairs, in 1974 and 1982 respectively. The number and function of local jurisdictions, school districts, and military installations also become the subjects of discussion in the county profiles. Transportation connectivity and major roadways (including interstate highways) were documented as possible economic drivers for each region. In addition, the role of area universities and community colleges in advancing regional growth became an explored topic.

As a part of interview preparation and county profile creation, CUPA team members identified lists of specific reasons thought to explain economic success in each county. Such explanations included various workforce development programs, industry sector specialization/refinement (e.g. high-technology corridors), economic empowerment zones or related organizations (economic development corporations, small business centers, etc.), partnerships (including those in the private sector, public sector, or both), and finally any regional organizations or collaborative efforts operating within the county. Any key initiative, organization, cooperative, or program seen as a possible reason behind economic performance was bolded in the profile so that it could easily be referred to during an interview.

### **Phase Two – Part Two: Interview Process**

Once CUPA team members completed work on all nine county profiles, the next task was to begin scheduling interviews. This worked out in such a way that interviews could be scheduled and conducted for completed counties while several remaining county profiles were still being modified and finished.

The first step following the completion of a county profile was to send an interview invitation letter, typically attached to an email message, to all listed leaders in a particular county. In some cases, it was necessary to fax the letter to the county leader's office. The letter explained the purpose of the MCOFuture study and what CUPA hoped to gain through a personal phone interview.

Initial response to emails was limited. Only a few county leaders were able to be scheduled immediately via email. In the majority of cases, a single follow-up phone call or even a series of calls and emails was necessary to schedule an interview. Logs were created for each county so that a record of all calls and emails could be documented. County leaders typically had an executive assistant or secretary schedule appointments for them. Surprisingly, most leaders agreed to an interview and were even enthusiastic about sharing their perspective.

During the interview process, one CUPA member would lead the conversation while one or two other members would take detailed notes of the conversation. To accomplish this, interviewees were asked during the beginning of the conversation to be put on speaker phone. Each interview followed roughly the same format, with an outline of eight (8) key questions asked. These questions were as follows:

- 1) Over the last decade \_\_\_\_\_ County's population grew by \_\_%. What do you think explains the population growth?
- 2) Like Montgomery County, \_\_\_\_\_ County has much higher unemployment over the last decade but your \_\_% unemployment rate is right around (or below) the national average and most mid-size counties, but is still lower than Montgomery County's rate. What do you think explains your area's resilience during the recession?
- 3) \_\_\_\_\_ County, like Montgomery County, lost manufacturing jobs and manufacturing now represents a much smaller share of employment in your region's economy. How did \_\_\_\_\_ County recover from the \_\_% decline in manufacturing?
- 4) \_\_\_\_\_ County's poverty rate increased about \_\_% over the decade, which is much lower than Montgomery County which increased by over 6%. Has \_\_\_\_\_ County taken specific measures that could explain the lower poverty rate?
- 5) Our data indicates that median home value for \_\_\_\_\_ County was higher than (or almost the same as) Montgomery County in 2000 at \$\_\_\_\_. However, in 2009 \_\_\_\_\_ County's median home value increased to \$\_\_\_\_, while Montgomery County's decreased to \$115,000. What do you think explains why your county's home values increased despite the housing crisis?
- 6) How would you describe leadership in your county?
- 7) Can you tell us about local governments; Do they compete? Do they work collaboratively together?
- 8) Is there anyone in particular that you think I should talk to about factors that explain \_\_\_\_\_ County's successes?

At the conclusion of the interview, the county leader was thanked for his or her time and told that a final report would be sent to them in the near future. Once off the phone, a participating CUPA team member immediately synthesized all written answers into one Word document. The document was then saved under the appropriate county file. Each county's compiled interview documents later became the basis for determining commonly expressed success factors.

## Results

A minimum of four interviews were completed for each of the nine counties. Many thanks are owed to the community leaders in each county who were generous enough to participate and offer their local perspectives. The following are the collective descriptions of the most common answers given by interviewees when asked about the success of his or her local county. These are the recognized “Winning Factors,” or “Formulas for Success” as they have come to be known, for growing and maintaining a solid economy and a good quality of life:

- **Natural Advantages (Location, Climate and Natural Environment)** – Geographical location played a significant role in the economic vitality of several counties. Many leaders noted that the county was experiencing migration of households from neighboring regions or states. The natural environment and scenic qualities of the region were mentioned as reasons that explained migration. For example, Knox County (TN) has grown in population due to its central location in the South (safe from destructive storms along the coastlines) and its proximity to the Great Smoky Mountains. Utah County (UT) and Lane County (OR) experienced in-migration effects from former California residents seeking an attractive natural environment, lower cost of living, and better real estate values. The natural environment was also noted in Hillsborough County (NH) and Chatham County (GA) as being a significant factor in drawing in new residents. In many cases, housing value was a huge factor in determining growth. The relatively low cost of housing in Hillsborough County (NH), Lane County (OR), Lehigh County (PA), and Utah County (UT) when compared to neighboring states (California, Massachusetts, and New Jersey) became a driving force for much of the new development.
- **Diversified Economy** – Almost every county had at least one interviewee that mentioned diversification as a key element of economic success and recovery from the loss of manufacturing. Several regions, including Madison County (AL) and Knox County (TN), boasted significant high-tech and/or research corridors. Lots of the jobs in these sectors were created as a result of efforts from major institutional assets, such as the Redstone Arsenal in Madison County and the Oak Ridge National Laboratory in Knox County. A decrease in heavy manufacturing in several counties, including Lehigh County (steel), Lane County (wood), and Hillsborough County (fabric mills), prompted the need to diversify the local economy. In many cases, a variety of smaller businesses filled the gap left behind by the closure of larger employers. For example, a large portion of the local economy in Hillsborough County (NH) is devoted to small businesses. Interviewees in multiple counties expressed that having

smaller employers in multiple sectors helped in the long run, because when one particular sector experiences a downturn the entire regional economy does not collapse.

- **Rules of the Game** – Taxes, as well as the relationship between state and local entities, played a significant role in the economic success of many counties. No specific tax was identified as lower in all the counties. Tax incentives were a component of economic development strategies in many counties, including Madison County (AL) where incentive packages are determined on a “case by case” basis. Hillsborough County (NH) was unique in that the State of New Hampshire has neither sales nor income tax, but has close to 50 other “hidden” taxes. Despite the variation in rates and structure, tax conditions were found to be based more in relative terms. For example, taxes in Lane County (OR), Lehigh County (PA), and Hillsborough County (NH) were higher than those in Ohio but lower than neighboring states. In Lehigh County (PA), interviewees mentioned that numerous companies in New Jersey were relocating to eastern Pennsylvania to escape higher taxes while still maintaining close proximity to the major markets of New York City and Philadelphia. Some interviewees also mentioned the idea that it was easier to attract new companies to their area because they were located in a “right-to-work” state.
- **Coordination, Collaboration, and Cooperation** – A broad regional vision that stretched across jurisdictional and even county boundaries was often seen as an important factor in achieving economic success. Both the public sector and private sector played significant roles in several of the counties. In both Lehigh County (PA) and Knox County (TN), private leadership played a significant role in policy making, business recruiting, and regional marketing. Unified efforts between the public sector and private sector were also common, in which leaders worked together to foster strategies for growth. In many cases a single organization, such as a Chamber of Commerce or Economic Development Authority, was leading cooperative efforts. In Onondaga County (NY), a regional alliance was created to bring local city and county governments together to work towards a common goal and prevent “poaching.” In Utah County (UT), collaboration directly existed between the Chamber of Commerce and an area university in regard to workforce development and entrepreneurial assistance. However, in very few instances was shared service provision a major component of collaborative efforts between communities. Hillsborough County (NH) was identified as an anomaly in comparison to the other eight counties in that cities and towns were very independent from one another and not as keen to collaborating across boundaries. Only

private sector leadership (recognized through the Chamber) spanned across municipal borders in Hillsborough County. State involvement in regard to economic development was another common trait for many counties. In Chatham County (GA), public leaders partnered directly with both state officials and business leaders to improve quality of life and maintain an attractive tax code.

## What Next?

Based on the responses gathered, it can be stated that in terms of regional prosperity and economic growth, regionalism can come in the form of many possible strategies and initiatives. What has been the most clear from the conducted interviews is that the key to success is not necessarily consolidating services or merging governments. The most important element is for all entities, government and private, to recognize and take action on common goals. The strength of leadership and the willingness to work together is crucial to the success of a region. A sense of agreement among players within an organization or partnership is an integral part of this process. When everyone is on-board to an idea, great things can happen.

Montgomery County intends to stay on-board to the ideas surrounding the MCOFuture initiative. On September 11<sup>th</sup>, 2012, a public forum was held at Sinclair Community College which revealed this study's final results to the community. Pamphlets explaining "formulas for success" were distributed to those attending, while a formal presentation was given by Interim Montgomery County Administrator Joe Tuss. The overall tone of the message given during the forum was summed up by the statement, "Let's face the facts." Encouraging, yet also bold and upfront, this statement carries the weight of what MCOFuture hopes to achieve. Through collaboration and cooperation among regional stakeholders, Montgomery County's status as a strong place to live, work, and play can remain alive and competitive. Possibilities are virtually limitless for the future of the Dayton region – the only question is: What will happen next?

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