

FILE

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of	:	
The Dayton Power and Light Company for	:	Case No. 08-1094-EL-SSO
Approval of Its Electric Security Plan	:	
	:	
In the Matter of the Application of	:	
The Dayton Power and Light Company for	:	Case No. 08-1095-EL-ATA
Approval of Revised Tariffs	:	
	:	
In the Matter of the Application of	:	
The Dayton Power and Light Company for	:	Case No. 08-1096-EL-AAM
Approval of Certain Accounting Authority	:	
Pursuant to Ohio Rev. Code § 4905.13	:	
	:	
In the Matter of the Application of	:	
The Dayton Power and Light Company for	:	Case No. 08-1097-EL-UNC
Approval of Its Amended Corporate	:	
Separation Plan	:	

DIRECT TESTIMONY OF SHELLEY J. DICKSTEIN ON BEHALF OF THE CITY OF DAYTON, OHIO

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25 **DIRECT TESTIMONY OF SHELLEY J. DICKSTEIN ON BEHALF OF THE CITY OF**
26 **DAYTON, OHIO**

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29
30 **I. INTRODUCTION**

31
32 **Q. Please state your name and business address.**

33
34 A. My name is Shelley J. Dickstein. My business address is City of Dayton, Office of the
35 City Manager, 101 West Third Street, Dayton, Ohio 45402.

36 **Q. What is your position with the City of Dayton?**

37 A. I currently serve as the Assistant City Manager for Strategic Development.

38
39 **Q. Please describe your educational background.**

40
41 A. I graduated from Western Michigan University in 1988 with a B.A. in Communication
42 and Psychology. I have completed all coursework toward a Masters of Urban

1 Administration degree at Wright State University. I also hold an Economic Development
2 Finance Certification from the National Development Council. This certification was
3 achieved in 2001 after an intensive four-week financial training course. More detailed
4 descriptions of my education and professional experience is attached as Exhibits SJD-1
5 and SJD-2.

6 **Q. Please describe your professional experience.**

7 A. I have been employed by the City of Dayton, Ohio since January 1996.

8 Since June 4, 2007, I have held the position of Assistant City Manager for Strategic
9 Development. As the Assistant City Manager for Strategic Development, I am
10 responsible for overseeing the City's economic development functions. My
11 responsibilities include providing consistency and continuity to the City's business
12 retention and expansion efforts and bringing a new strategic approach to coordinating the
13 City's economic development agenda. I manage the Dayton Development Fund, which is
14 used to provide incentives and financial support for businesses looking to expand in the
15 city of Dayton. I have previously held the positions of Special Projects Administrator,
16 Sr. Development Specialist, Acting Citizen Participation Manager and Citizen
17 Participation Coordinator within the City of Dayton.

18 **Q. On whose behalf are you testifying in these proceedings?**

19 A. I am testifying on behalf of the City of Dayton, an intervenor in this proceeding.

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to describe current conditions in the City and the
22 potential impact of an increase in The Dayton Power and Light Company's ("Dayton

1 Power and Light”) rates for electrical service on the City itself, as well as its at-risk
2 residential and commercial citizens.

3 **Q. What materials and information did you review in preparation for your testimony?**

4 A. I reviewed data and materials from the following City departments: Management and
5 Budget, Planning and Community Development, and Economic Development.

6 Additionally, I reviewed 2000 census data and State of Ohio Department of Development
7 reports. Please refer to Exhibits SJD-3 through SJD-18, attached.

8 **II. IMPACT OF AN ELECTRICAL SERVICE RATE**
9 **INCREASE ON THE CITY OF DAYTON**

10 **Q. Is the City of Dayton a customer of Dayton Power and Light?**

11 A. Yes. The City uses Dayton Power and Light exclusively to provide electric service to
12 power all of its municipally owned buildings and facilities, as well as municipal traffic
13 signals and a number of street lights. The City spends an average of \$10,258,849 in
14 annual electric service costs. Additionally, the majority of citizens within the City are
15 also customers of Dayton Power and Light.
16
17

18 **Q. Please provide a background for and recent history of the City of Dayton’s**
19 **population.**

20 A. During the past several decades there has been a national trend towards suburbanization,
21 with housing, retail and even commercial entities leaving urban areas for the suburbs.
22 Also, during this time, the national population has been shifting towards the southern and
23 coastal United States. These trends have deeply affected the Dayton region and the City.

24 The Dayton metropolitan statistical area (MSA), which includes Montgomery,
25 Greene, Miami and Clark counties, has suffered a population decline. Montgomery
26 County’s population fell from 608,413 in 1970 to 559,062 in 2000. The City of Dayton

1 itself felt the hardest impact of the regional population decline. The City has lost over
2 100,000 citizens since 1960, as many of its residents moved out of the City and into the
3 suburbs, or left the Dayton region entirely.

4 This dramatic decline in the number of Dayton residents has led to significantly
5 diminished tax revenues for the City. Between 1995 and 2007, the City of Dayton had
6 the lowest income tax growth rate among six major Ohio cities. Dayton's growth rate at
7 9.4 percent was significantly lower than the other cities. The next lowest rate of growth,
8 in Toledo, was 27.5 percent. In the 2008 fiscal year the City of Dayton's income tax
9 revenues fell four percent from the previous year. This has contributed to the current
10 financial crisis the City is experiencing.

11 **Q. Please provide a description of the state of affairs regarding employment in the City**
12 **of Dayton.**

13 A. From November of 2000 until Nov. of 2008, the region lost 41,300 jobs, or about 9.3
14 percent of the employment base. 28,800, or 35 percent, of Montgomery County's
15 manufacturing jobs left the County between 1998 and 2007. 6,700 of these private sector
16 jobs were lost within just the last year. The Dayton region has seen major employers
17 such as GM and related businesses, Mead/WestVaco, Delphi and Tenneco remove jobs
18 from the area, while companies such as Reynolds and Reynolds and the Dayton Regional
19 Tissue Bank are choosing to remove jobs from within the City limits. Employment
20 within the City of Dayton has gone from a peak of 3,148 jobs in 1976 to just 2,400 jobs
21 in 2007 due to budget constraints.

22 **Q. Please provide a description of the state of affairs regarding housing within the City**
23 **of Dayton.**

1 A. The City has a high concentration of obsolete housing and has suffered a disproportional
2 impact of the mortgage foreclosure and predatory lending crisis.

3 The City has more than 15,000 vacant units of housing in about 4,000 residential
4 structures. The City boarded about 1,000 structures in 2007 and anticipates boarding an
5 additional 1,000 structures in 2008. Dayton ranks highly among cities with the most
6 vacant structures in the nation.

7 **Q. Please provide a description of the state of affairs regarding the economy within the**
8 **City of Dayton.**

9 A. The City itself currently faces a thirteen million dollar budget shortfall. The poverty rate
10 within the City increased from 23 percent in 2000 to 28.9 percent in 2005. While Dayton
11 represents 30 percent of Montgomery County's population, its residents represent 58
12 percent of the County's impoverished at-risk citizens. The City's median household
13 income has fallen from \$27,423 in 1999 to \$25,928 in 2005, versus an average of
14 \$46,242 in the nation. Based upon the 2000 Census, 23 percent of Dayton residents live
15 below state and federal poverty levels. Additionally, the per capital income for Dayton
16 residents is only \$15,547 as compared to \$28,206 statewide. As a result, any increase in
17 electricity rates would be an unreasonable burden upon Dayton's at-risk population.

18 **Q. What are some of the challenges the City faces in its economic development efforts?**

19 A. The relocation of housing and retail to suburban locations puts Dayton at a significant
20 disadvantage for the attraction of modern office-based businesses. Dayton continues to
21 lose net jobs to suburban locations. Workforce development is an issue. The matching of
22 workforce skills with evolving needs and demands remains a challenge, particularly for
23 Dayton residents. Regional sprawl continues in the area, forcing the City to compete

1 within the region for retail businesses, jobs, residents, and entertainment venues. There is
2 an ever-expanding oversupply of regional office space competing with downtown
3 Dayton.

4 The City's workforce must be reduced by two to three percent annually through
5 2010 due to the City's current financial crisis. It is also projected that manufacturing will
6 continue to decline within Dayton and the region. Recent announcements from several
7 Dayton companies indicate that the current trend in job losses is likely to continue
8 through the foreseeable future. Even more concerning is the nature of the jobs that are
9 being lost. The majority of recent job losses are attributable to businesses that attract net
10 new wealth, or "wealth attractors," to the community by selling products and services to
11 customers located beyond our marketplace. Gone unchecked, the loss of these "wealth
12 attractors" will have a detrimental impact on the City's economic foundation.

13 The City also faces less demand for general purpose office space in the downtown
14 core of Dayton, combined with an emergence of market demand for larger, open floor
15 plans not readily available within the City.

16 **Q. In your opinion, would an increase in Dayton Power and Light's rates for electric
17 service impact the City of Dayton and its at-risk population?**

18 **A.** Yes. Any increase in rates would negatively impact the City and its efforts for economic
19 development. The City is currently in a financial crisis and cannot afford an increase in
20 electric service costs. The City is a large customer of Dayton Power and Light, spending
21 an average of over ten million dollars annually on electric service. Jobs are leaving the
22 City, and an increase in Dayton Power and Light's rates would make the City of Dayton a
23 less attractive area for economic development. An increase in rates would be an

1 unreasonable burden added to Dayton's at-risk population, which includes 23 percent of
2 the City's residents. The at-risk population has already seen a drop in its median
3 household income. Increased electricity rates would create an additional burden for the
4 at-risk residents of Dayton.

5 **Q. In your opinion, would an increase in Dayton Power and Light's rates for electric**
6 **service negatively impact the City of Dayton's efforts to attract businesses?**

7 A. Yes. The City already faces many obstacles to its economic development efforts,
8 including crime, a high percentage of vacant structures, lack of parking, high poverty rate
9 and competition from suburban areas for new businesses. Dayton's image, as portrayed
10 by the media, is one of urban flight and decay. For example, Forbes magazine recently
11 listed Dayton as one of its "Fastest Dying Cities." If businesses located in the City have
12 to pay even more for electric service than the current rates, Dayton will be an even less
13 desirable place for businesses.

14 **Q. In your opinion, what impact would an increase in rates for electric service have on**
15 **businesses in the City of Dayton?**

16 A. It is not possible to predict the total impact on Dayton businesses at this point, because
17 the City of Dayton has not been provided specific information from The Dayton Power
18 and Light Company about the proposed changes. However, given the current conditions
19 in the City and the factors I have discussed here, even an increase of one cent would harm
20 the City, its at-risk citizens, and the business community at large.

21 **Q. Does that conclude your testimony?**

22 A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Direct Testimony of Shelley J. Dickstein on Behalf of The City of Dayton, Ohio was served via electronic mail to the parties on Exhibit A and via regular U.S. Mail on the parties on Exhibit B on the 26th day of January, 2009.



Christopher L. Miller

EXHIBIT A

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Case 08-1095-EL-ATA
Case 08-1096-EL-AAM
Case 08-1097-EL-UNC
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EXHIBIT B

Case 08-1094-EL-SSO
Case 08-1095-EL-ATA
Case 08-1096-EL-AAM
Case 08-1097-EL-UNC

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Nolan Moser
The Ohio Environmental Council
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Columbus, OH 43212-3449

Ellis Jacobs
Community United for Action
333 West First Street, Suite 200
Dayton, OH 45405

Exhibits

SHELLEY J. DICKSTEIN
6313 Harvest Meadows Drive, Dayton, Ohio 45424
W: (937) 333-3606 H: (937) 235-5469

QUALIFICATIONS

High-energy development professional with a proven track record in project management. Known for excellent customer service, superior organizational skills and ability to successfully manage multiple tasks. Experienced in Urban Economic Development, including business analysis, business attraction and expansion, financing and negotiation.

PROFESSIONAL EXPERIENCE

Project Management

- Conducted 380 retention and expansion visits and facilitated 63 downtown development projects generating \$113 million in new investment. Project highlights include:
- Dayton Waterfront – mixed-used development supporting 600,000 square feet of new office, retail and restaurant space coupled with 320 market-rate housing units, new investment estimated at \$200M
 - First & Patterson Housing – condominium housing project featuring 300 space garage expansion, 65 new condo units and 15,000 square feet of commercial space, new investment estimated at \$20M
 - CareSource Headquarters – new construction of a 325,000 square foot office building and 900+ parking garage, new investment estimated at \$70M
 - Community Blood Center – expansion project resulting in \$11M in new investment
 - Schuster Parking Garage – 1,100 space parking garage resulting in \$10.6M in new investment
 - Courthouse Plaza Southwest – renovation of multi-tenant office tower resulting in \$6M in new investment

Administration, Budget & Finance

Responsible for administration and oversight of Dayton Development Fund, total investment to date surpassing \$42 million. Previous supervision and budgetary responsibilities include:

- Monitored and maintained operating budget equaling \$1.7 million
- Hired, trained, supervised and evaluated 85 staff members
- Administered Dayton Volunteers program involving approximately 1,200 volunteers
- Planned, organized and coordinated a 9-month Leadership program boasting 431 graduates
- Planned, organized and coordinated city-wide special events hosting 400+ guests

Leadership & Development

Responsible for overseeing the City's economic development functions and managing the Office of Economic Development.

- Collaborate with high-level corporate CEOs and economic development executives to address challenges and advance development opportunities throughout the City.
- Facilitate relationships with developers, real estate brokers and financial representatives to identify and initiate investment opportunities.

Previous leadership and development experience includes:

- Developed and facilitated organizational change sessions (DPI) addressing issues such as vision, mission, values and business strategies
- Coordinated staff and volunteer orientation, training and in-service programs
- Conducted leadership seminars for 100+ students and staff; topics included issues of diversity, team development, conflict resolution and communication

EDUCATION

Economic Development Finance Professional, Certification, June 2001

4 week intensive financial training. Topics included business credit, real estate finance analysis, loan packaging procedures, negotiation, and deal structuring techniques.

Masters of Urban Administration coursework (all but Thesis), Wright State University, December, 1998. Emphasis in leadership and community development.

Bachelor of Arts, Western Michigan University, Kalamazoo, MI, June, 1988

Majors: Communication and Psychology

EMPLOYMENT HISTORY

City of Dayton, City Manager's Office

•Assistant City Manager for Strategic Development, June, 2007-Present

City of Dayton, Department of Economic Development

•Special Projects Administrator, August, 2006-Present

•Sr. Development Specialist, May, 1999-July 2006

City of Dayton, Department of Planning & Community Development

•Acting Citizen Participation Manager, October 1997-April, 1998

•Citizen Participation Coordinator, January, 1996-May, 1999

AIDS Foundation Miami Valley, Dayton, Ohio

•Coordinator, Volunteer Resources, October, 1993-January, 1996

San Diego State University, San Diego, California

•Residence Hall Director, July, 1990-June, 1993

Sam Houston State University, Huntsville, Texas

•Residence Hall Director, July, 1988-June, 1990

PROFESSIONAL DEVELOPMENT & SERVICE

•National Development Council, Economic Development Finance Certification, 2001

•Workforce Development Committee, 1999-2001

•Leadership Dayton, Graduate, 1998-1999

•Work Simplification/Process Re-engineering Training, November, 1998

•McNellis Storyboarding/Facilitator Training, December, 1997

•Poverty Reduction Task Force, 1996-1999

•AIDS Foundation Miami Valley, Benefit Committee, 1996-2004

HONORS & AWARDS

•Top Flight nominee, 2001

•Graduate Student Excellence Award, Wright State University, 1998

•Pi Alpha Alpha Honorary Society, 1997

SJD-1

REFERENCES AVAILABLE UPON REQUEST

Biographical Sketch

*Shelley J. Dickstein
Assistant City Manager for Strategic Development*

*City of Dayton
Office of the City Manager
101 West Third Street
Dayton, Ohio 45402*

Telephone: (937) 333-3606

Shelley Dickstein currently serves as the Assistant City Manager for Strategic Development, a position she assumed on June 4, 2007. As the Assistant City Manager for Strategic Development, Ms. Dickstein has responsibility for overseeing the City's economic development functions. She is charged with providing consistency and continuity to the City's business retention and expansion efforts and bringing a new strategic approach to coordinating the City's economic development agenda. Shelley also manages the Dayton Development Fund, which is used to provide incentives and financial support for businesses looking to expand in the city of Dayton. Prior to this recent appointment, she held the positions of Special Projects Administrator, Sr. Development Specialist, Acting Citizen Participation Manager and Citizen Participation Coordinator.

During her 11-year career with the City of Dayton, Shelley has had numerous successes. She has completed more than 60 downtown development projects generating \$83.4 million in new investment and provided technical assistance to 380 Dayton companies interested in expanding or locating to the city of Dayton. Some of her more high profile projects include the emerging BallPark Village effort along the downtown waterfront, CareSource Headquarters, the Community Blood & Tissue Center and Courthouse Plaza Southwest. She collaborates with business and economic development executives on project development and execution and works tirelessly to facilitate and nurture relationships with developers, real estate brokers and financial representatives in an effort to advance development opportunities for the city of Dayton. Shelley Dickstein is a high-energy development professional with a proven track record in project management. She is known for her excellent customer service, superior organizational skills and her ability to successfully manage multiple tasks.

Ms. Dickstein served on the Poverty Reduction Task Force, the Miami Valley AIDS Foundation Benefit Committee and participated in numerous other initiatives. Shelley has completed all coursework toward her Masters of Urban Administration Degree at Wright State University. She possesses an Economic Development Finance Certification from the National Development Council and is a Leadership Dayton Graduate, Class of 1999.

SJD-2

City of Dayton Annual Electric Utility

Costs

- 2005 - \$10,041,288
- 2006 - \$10,804,218
- 2007 - \$11,994,883
- 2008 - \$ 8,195,008

Average of \$10,258,849 in annual electric utility costs to power municipal buildings, traffic signals and street lights.

Local Trends & Factors

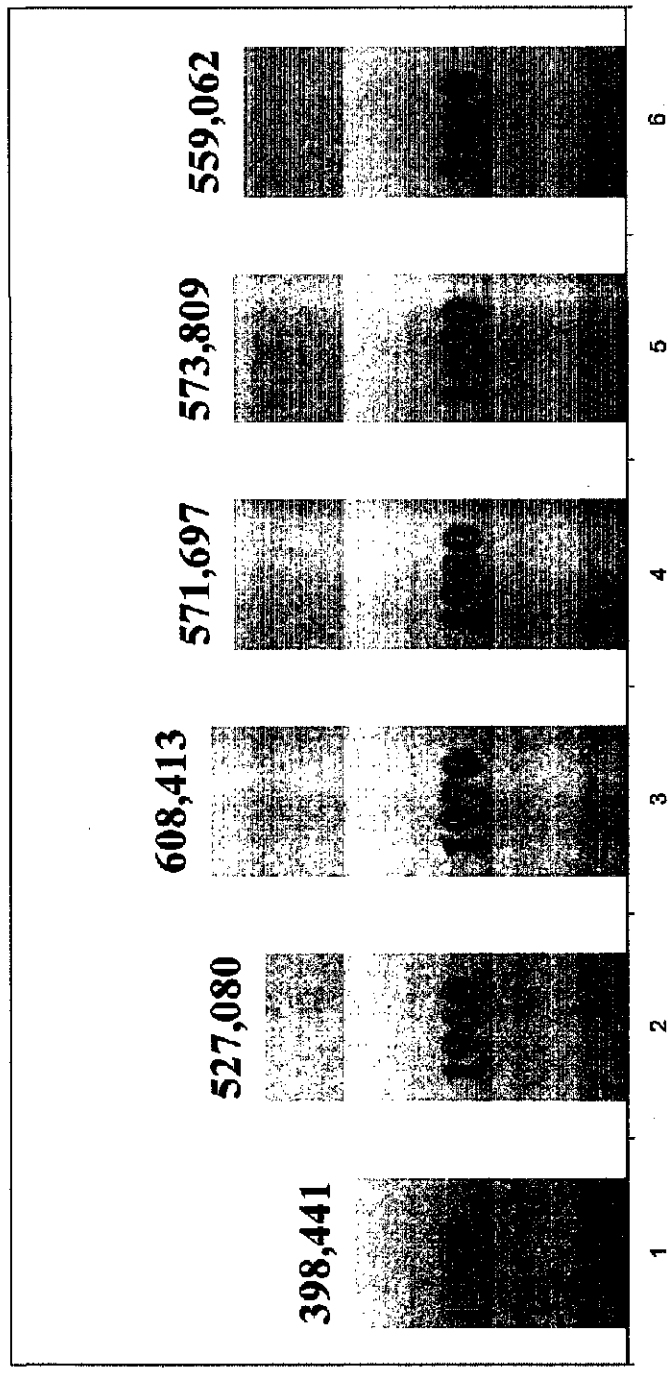
- Since 1950, the region has increased in size by 400% while the population has only slightly more than doubled.
- Dayton job base is contracting (region is on downward decline since 2000).
 - Struggling economy has exacerbated the foreclosure and predatory lending crisis in Dayton.
- Dayton is losing population
 - **100,000 residents lost since 1960.**
 - Fewer residents and households in Dayton leads to diminished tax revenues
- Dayton has more than 15,000 vacant housing units in more than 4,000 structures.
- Regional sprawl and dispersal are shifting jobs, population and retail to adjacent jurisdictions and counties.

Dayton-Springfield MSA's Population Peaked in 1970, Declined Slightly in 1990's.

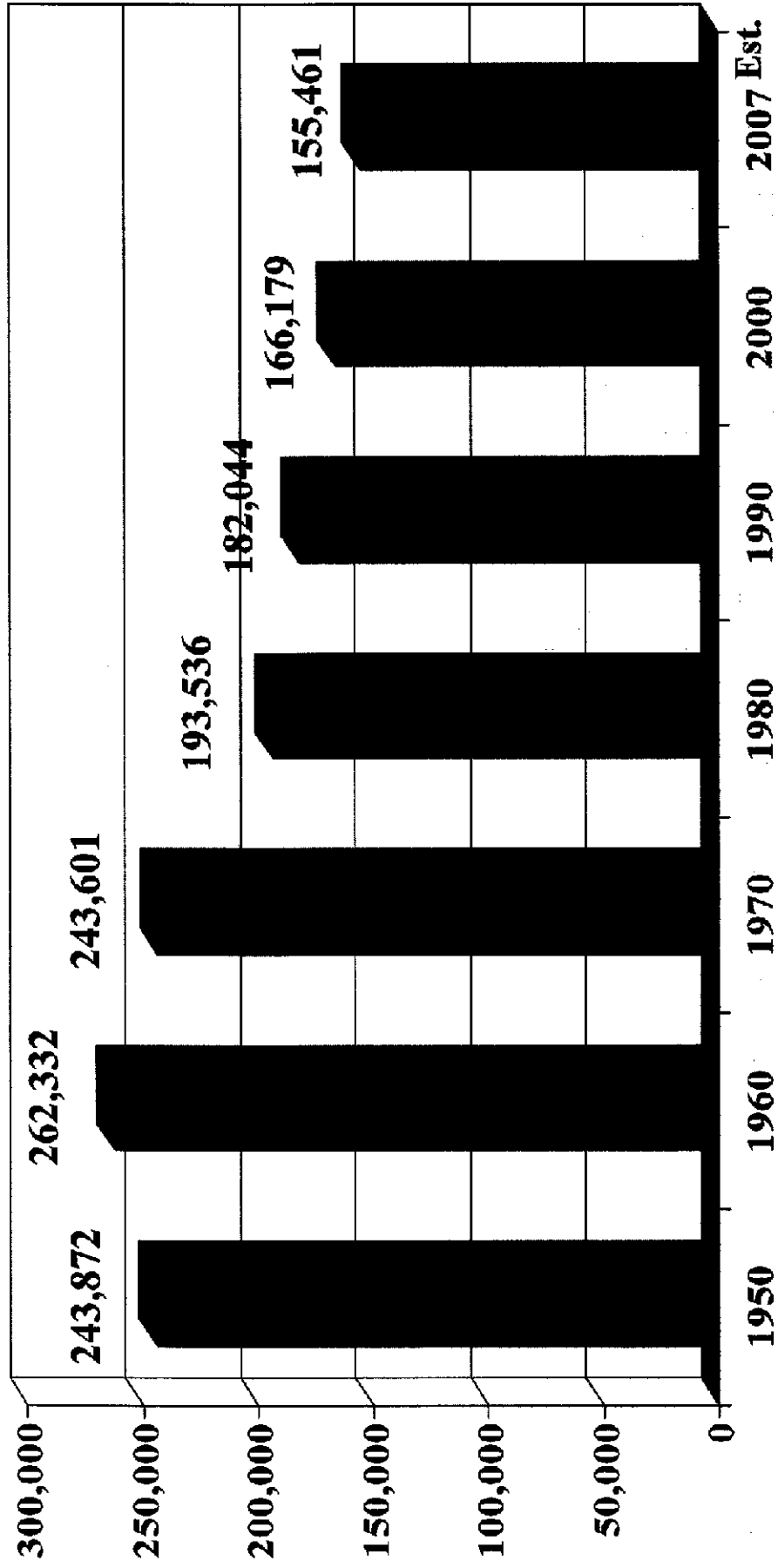
1970	972,662
1980	942,083
1990	951,270
2000	950,558

**Metropolitan Statistical Area (MSA) is Montgomery, Greene, Miami
and Clark Counties**

Montgomery County's Population Peaked in 1970.



Population Decline in the City of Dayton (1950 to 2007)



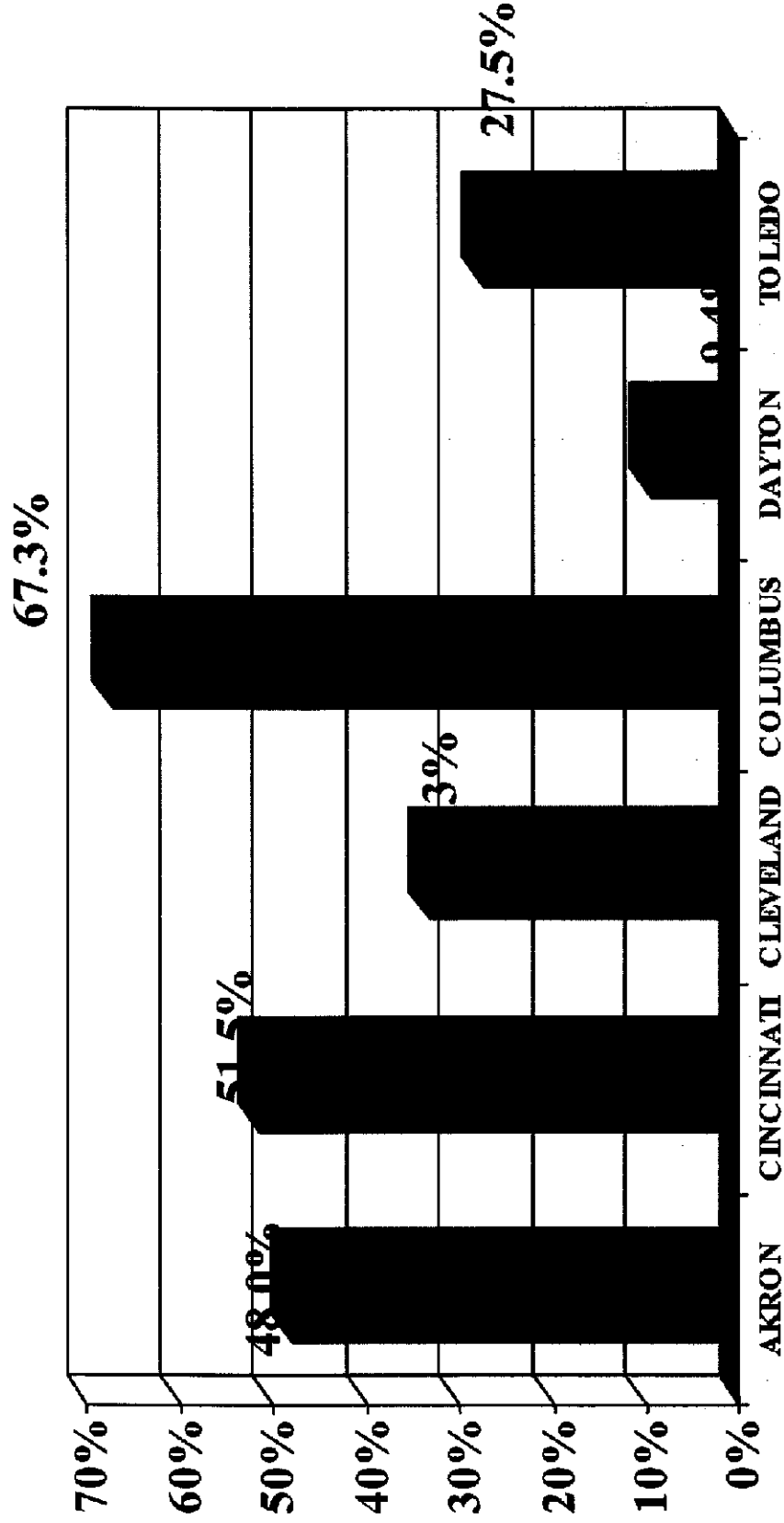
Dayton-Springfield MSA
Population, Housing Unit and Household Change –
1970 to 2000

Year	Population	Housing Units	Households	Housing Unit Surplus/Vacancy
1970	972,662	312,135	300,389	
1980	942,083	362,440	340,279	
1990	951,270	385,420	364,300	
2000	950,558	408,277	379,626	
2006	938,321	423,520	379,920	

SJD-8

MSA is Montgomery, Greene, Miami and Clark Counties

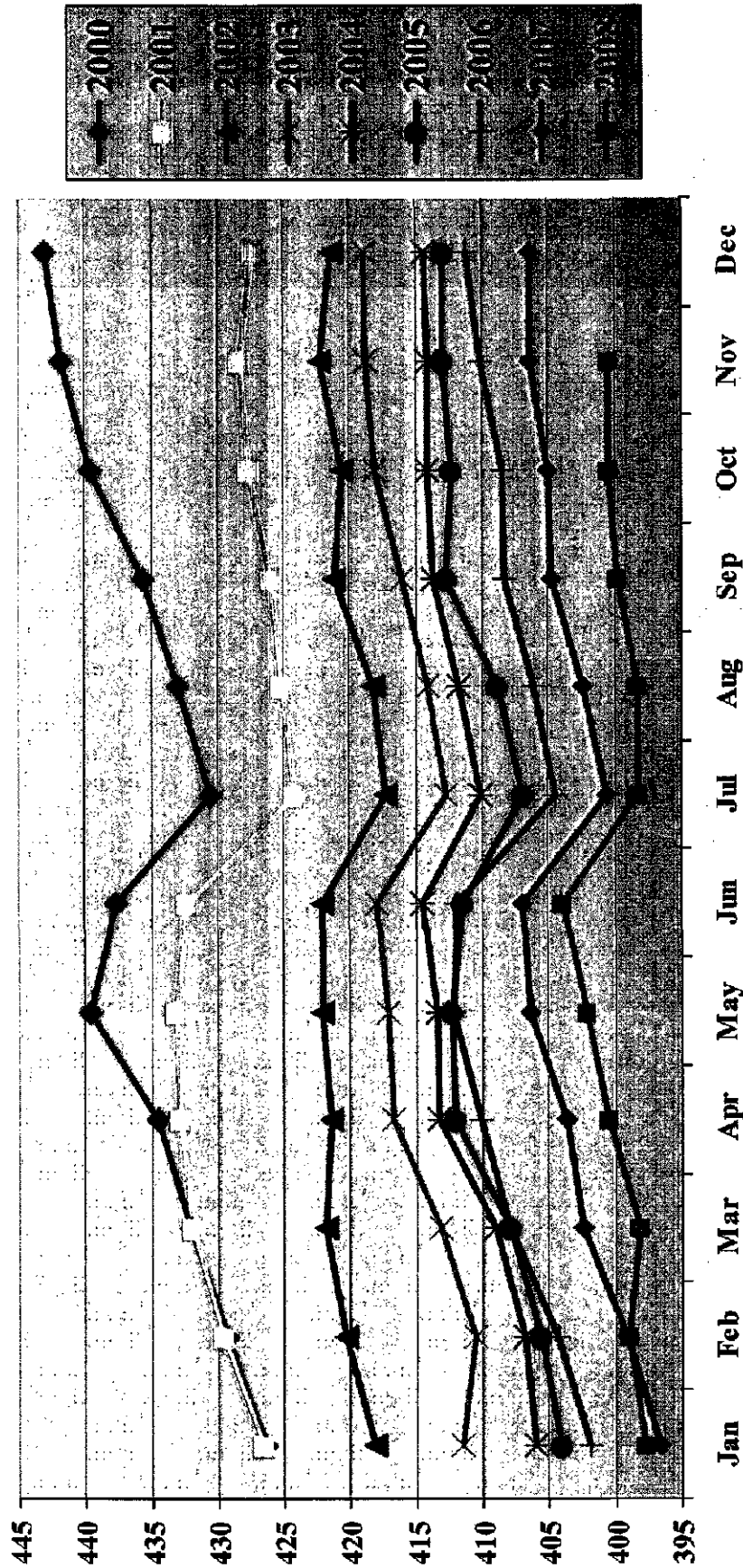
Income Tax Growth Rates For the Major Ohio Cities – 1995 to 2007



Dayton MSA Total Non-Farm Employment

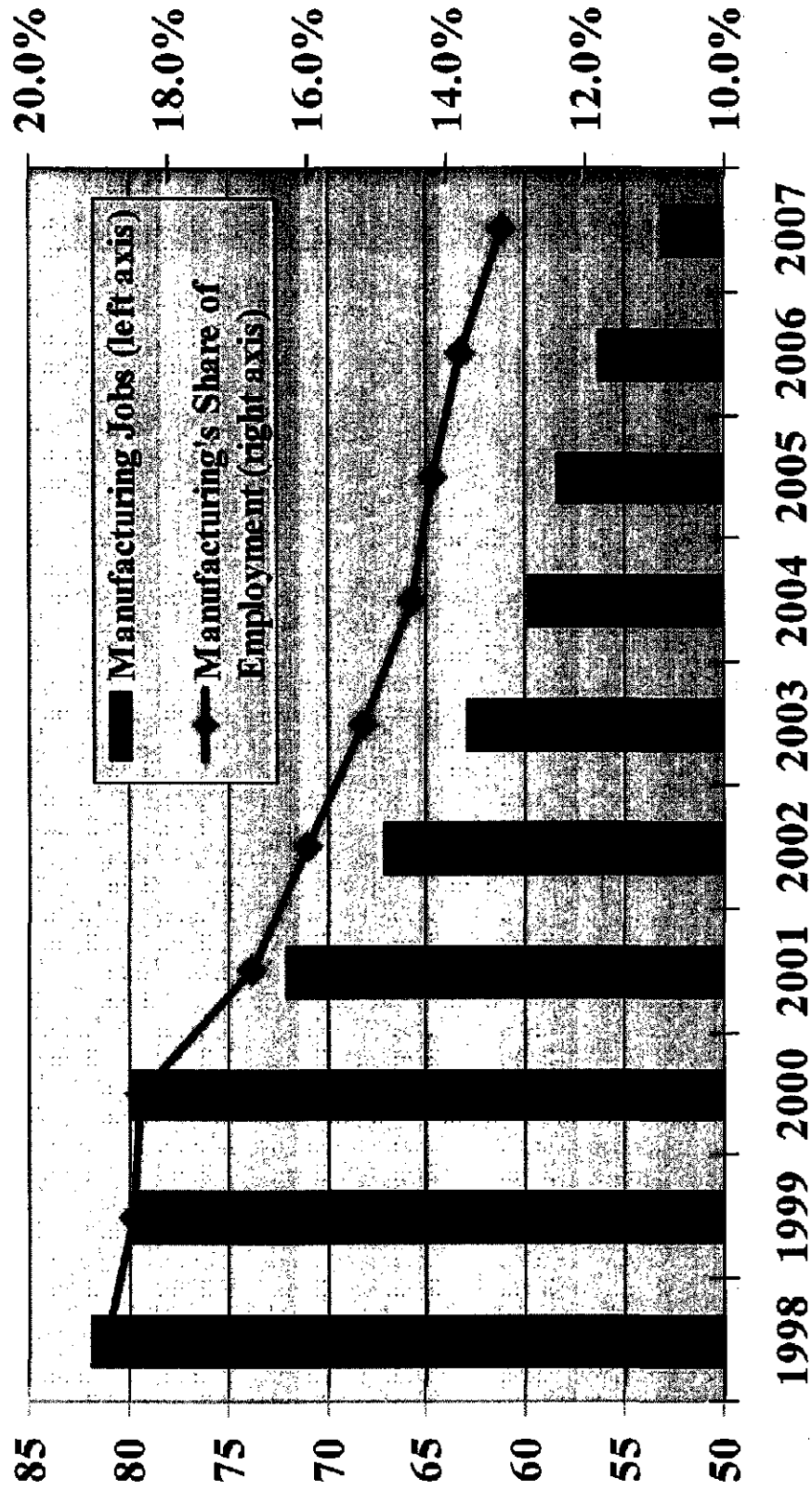
(Not Seasonally Adjusted, In Thousands)

From Nov. of 2000 until Nov. of 2008, the region lost 41,300 jobs or about 9.3% of the employment base



Montgomery County

- 28,800 (35%) of Montgomery County's manufacturing jobs left the County between 1998 and 2007.



Recent Major Job Losses in Dayton and the Region

Jobs Leaving the Region

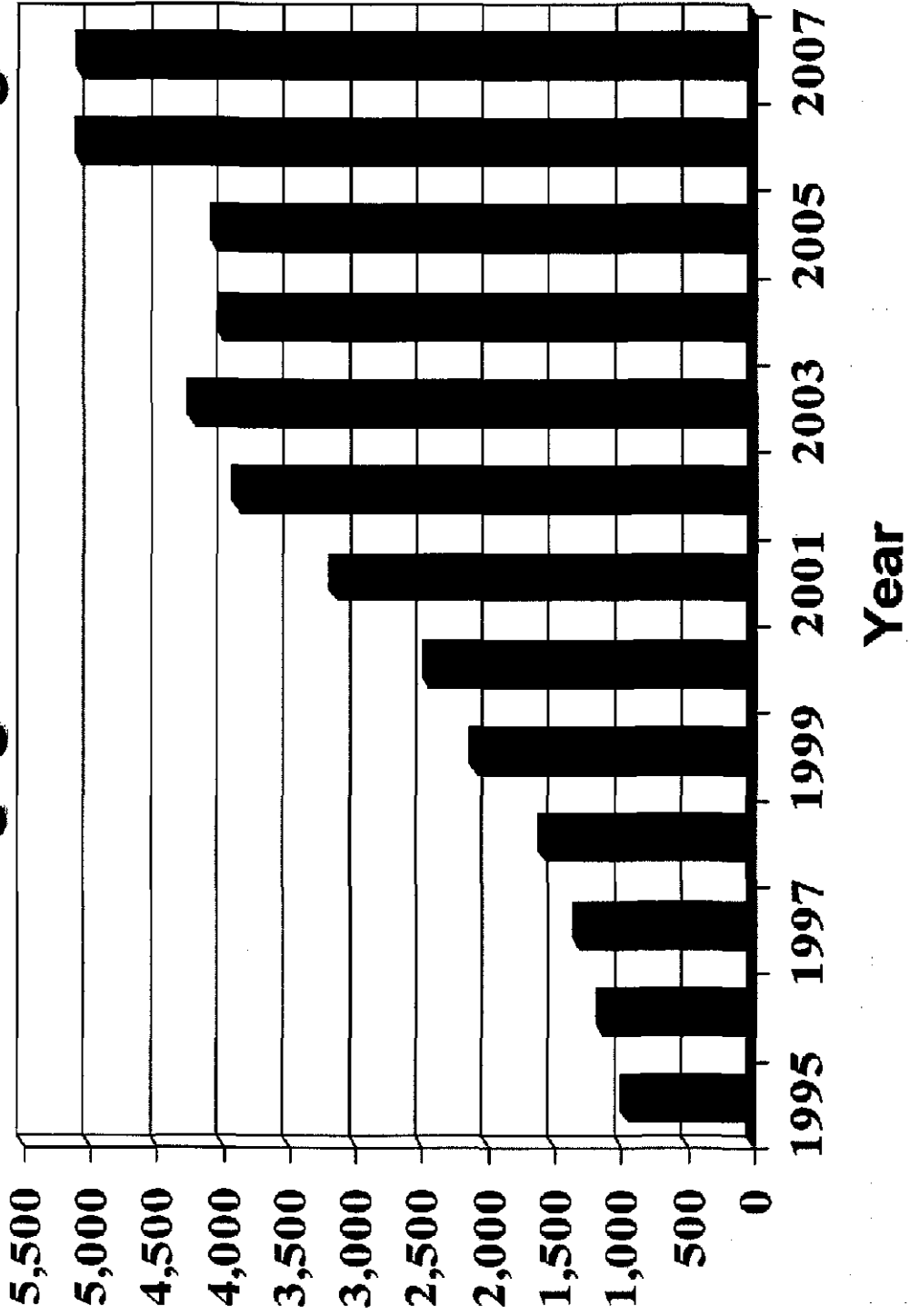
- GM and related businesses
- Mead/WestVaco
- Delphi
- Tenneco

Jobs Leaving the City of Dayton

- Reynolds and Reynolds
- Dayton Regional Tissue Bank

Montgomery County

Civil Mortgage Foreclosure Filings



SJD-13

Social Distress in Dayton

- The Dayton poverty rate has increased from 23% in 2000 to 28.9% in 2005.
- Median household income has fallen from \$27,423 in 1999 to \$25,928 in 2005 (versus \$46,242 in the nation).
- Mortgage foreclosures and tax lien sales have disproportionately affected Dayton.
- The impacts of poverty affect the entire region:
 - Cost of social services, safety, incarceration

Concentration of Poverty in Dayton

	Dayton	County Percentage
Population	166,179	30%
Impoverished	35,756	58%

Note: Numbers from 2000 Census data

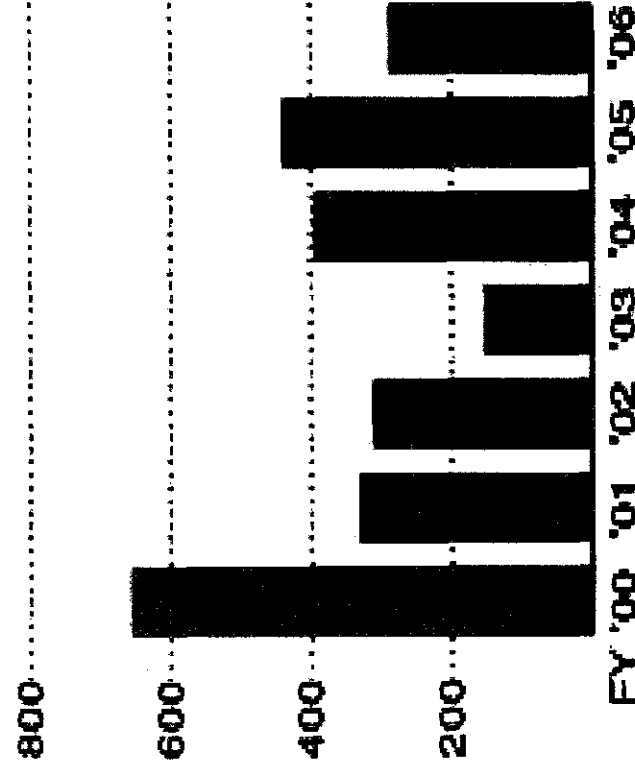
Vacant Homes Abundant in Buffalo

Even though the city demolishes hundreds of abandoned buildings each year, Buffalo continues to have among the largest percentage of chronically vacant housing units in the nation.

Cities with the most vacant units per 100 people

St. Louis	3.7
Buffalo	3.4
Baltimore	3.2
Gary, Ind.	2.5
Philadelphia	2.5
Pittsburgh	2.4
New Orleans	2.2
Dayton, Ohio	2.0
Savannah, Ga.	1.8
Kansas City, Kan.	1.8

Vacant structures demolished in Buffalo



*Does not include short-term or seasonal housing units

Sources: Federal Reserve Bank of New York; City of Buffalo

THE NEW YORK TIMES

City of Dayton Development Challenges

- Jobs & Development
 - Dayton continues to lose net jobs to suburban locations
 - Retailing, service sectors, warehousing, ‘old-school’ manufacturing are all leaving
 - Workforce Development
 - Matching of workforce skills with evolving needs & demands remains a challenge – particularly for Dayton residents
- Regional Sprawl Continues For A ‘No-Growth’ Region
 - Intra-Regional Competition For
 - Retail (the Greene)
 - Jobs (Mead, Nu-Page, etc.)
 - Housing (Springboro, etc.)
 - Population (Into the next ring of cornfields)
 - Entertainment (Fraze)
- City Workforce Must be reduced by 2% to 3% Annually Through 2010
- ‘Old School’ Manufacturing will Continue to Decline

Regional Decentralization (Sprawl)

Percentage of Population Change Within Montgomery County: 1990-2000

- Washington Township +17%
- Moraine +15%
- Miami Township +14%
- Brookville +14%
- Centerville +9%
- Miamisburg +9%
- West Carrolton -4%
- Kettering -5%
- Riverside -7%
- Dayton -9%
- Harrison Township -9%
- Jefferson Township -19%