



Dave Yost • Auditor of State



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To the residents and elected officials of the City of Elyria,

Based on a request from the City of Elyria, the Auditor of State's Ohio Performance Team initiated a performance audit of the City on May 10, 2012. Functional areas selected for operational review were identified with input from City administration and were selected due to strategic and financial importance to the City. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the City's overall efficiency and effectiveness. This report has been provided to the City and its contents have been discussed with the appropriate elected officials and government employees.

The City has been encouraged to use the management information and recommendations contained in this performance audit report. However, the City is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of this report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

This performance audit report can be accessed online by visiting the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

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Executive Summary

Audit Methodology and Scope

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with the authority to oversee or initiate corrective action, and contribute to public accountability.

The Auditor of State (AOS) conducted the performance audit of the City of Elyria (City) in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

This performance audit was conducted between July 2012 and March 2013 and data was drawn from fiscal years 2011 and 2012. To complete this report, the auditors gathered data; conducted interviews with individuals associated with the administration of the City and the peer Cities; and reviewed and assessed available information. The performance audit process involved information sharing with the City, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Status meetings were held throughout the engagement to inform the City of key issues, and share proposed recommendations to improve or enhance operations. Input from the City was solicited and considered when assessing the selected areas and framing recommendations. Finally, the City provided verbal comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, the report was modified based on the City's comments.

The peer cities used in this audit included Cuyahoga Falls, Lorain, Middletown, Fairfield and Mansfield. Deviations of the use of these peers are noted in the report. Additionally other cities were used for best practice comparisons. Furthermore, external organizations and sources were used to provide comparative information and benchmarks. Leading practices and industry standards were drawn from various sources, including the Government Finance Officers Association (GFOA), American Institute of Certified Public Accountants (AICPA), National State Auditors Association (NSAA), Ohio Revised Code (ORC), Ohio Administrative Code (OAC), State Employment Relations Board (SERB), Kaiser Family Foundation (Kaiser), the Ohio Department of Administrative Services the National Fire Protection Association (NFPA), Federal Emergency Management Agency (FEMA), International Association of Firefighters (IAFF) and Federal Bureau of Investigation (FBI).

Noteworthy Accomplishment

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes a noteworthy accomplishment identified during the course of this audit.

Efficient and Effective Income Tax Collections: The City of Elyria has a permanent income tax of 1.0 percent, a 0.25 percent police income tax, and a 0.5 percent income tax that is renewed every 5 years. The City's income tax rate in 2012 was 1.75 percent. The City employs one staff member and contracts with an external organization for income tax collection.

The City spent an average of \$8.46 per citizen in 2010 and \$7.88 in 2011 for its income tax collection function. This amount was lower than the best practice established for in-house collection services in 2010 (\$10.08) and the average customer cost of \$10.33 for contracted services.

Conclusions and Recommendations

Each section of the audit report contains recommendations that are intended to provide the City with options to enhance its operational efficiency, improve its long-term financial stability, and/or its management capability. The Audit Objectives and a Summary of Financial Implications are included in this Executive Summary, but in order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the Auditors did not have the time or resources to pursue. The following presents issues worthy of further study:

Centralized Procurement:

The City should complete a cost benefit analysis to determine if a centralized purchasing function would be beneficial. City Officials indicated that Elyria does not have a centralized procurement function. According to the City Finance Director, the City had previously employed a part-time purchasing coordinator who acted as the purchasing agent for all departments. The position was eliminated and the procurement process was decentralized in FY 2000. While larger bids, such as fuel and uniforms, are contracted on a citywide basis, items such as office supplies, hoses, and other equipment are purchased by each department. Alternatively, cities such as Middletown and Gahanna have employees dedicated to contracting and purchasing for all city departments. These procurement professionals prepare bids, select vendors, and maintain vendor relations for all city departments. They are also responsible for disposing of excess city property.

The City should compare its purchasing inputs to outputs in order to assess the net benefit of centralizing its purchasing function. The first step in the assessment involves the development of inputs based on purchasing department costs and time allocated to different purchasing functions. Inputs include, but are not limited to, labor, supplies and materials, capital costs, and indirect costs related to the purchasing function. Also, the City must determine the amount of time spent by the purchasing department on straight encumbrances. This will allow a determination of the total cost associated with operating a centralized procurement department, and the percentage of time spent on each type of transaction. Determining a cost per transaction will allow the City to determine if centralizing its purchasing function will generate cost savings in addition to the potential saving from a dedicated or shared purchasing agent.

Shared Services:

The City may wish to explore shared service options with other local governments. For example, the Lorain County Purchasing Department ensures procurement of commodities and services for Lorain County. The responsibility of this department is to acquire materials, supplies, services and equipment necessary for the proper and efficient operation of Lorain County, considering the price and quality. A shared services scenario with the county may provide savings through high volume purchases as well as economies of scale.

American Federation of State, County and Municipal Employees (AFSCME) Salaries:

The City's AFSCME collective bargaining agreement encompasses 97 positions. By comparison, the City of Cuyahoga Falls has 73, while the remaining three peers each have between 10 and 51 positions. Because of this disparity, reliable data comparisons could not be made. As noted in **Recommendation F.3**, the City should update job descriptions. Once completed, the City should be able to compare salaries to the peers and reduce the number of positions listed in the collective bargaining agreement.

Audit Objectives

The following audit objectives were used to conduct the performance audit of the City of Elyria. The objectives define what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. In some instances, objectives were modified based on actions taken by the City to address its operations or high risk environments identified by the auditors during the course of their work.

Administration:

What is the financial history of the City?
How do the revenues and expenditures compare to the peers?
Is the Mayor's Office efficient compared to the peers?

Is the Finance Director's office efficient compared to the peers?
Is the income tax collection function efficient compared to the peers?
Does the City perform long-range strategic/financial planning?
Does the City use performance measures to operate in an efficient and effective manner and are the measures included in the long-range plans?

Technology:

Does the major technology infrastructure and the application of technology improve efficiency and customer service in the City of Elyria?

Purchasing:

Is the City's purchasing process effective (centralized vs. decentralized)? Is the purchasing process formally documented?
How do the City's professional service contracts compare with peer cities? How does the City determine which services to contract and which to provide in-house?

Fleet and Energy Management:

Is the City's vehicle fleet efficient and appropriately sized?
Does the City have an efficient and effective energy management policy and process?

Human Resources Operations:

Is the organizational structure of the City efficient and effective?
How do the City's staffing levels by department compare to peer averages or industry benchmarks?
Are the City's salary schedules and compensation plans comparable to selected peers and industry standards?
How do the City's monthly medical premiums and employee contributions compare to industry standards and peer averages?
How do the City's monthly dental, vision, and life premiums and employee contributions compare to industry standards and peer averages?
Do the worker's compensation claims for the City appear to be managed appropriately?
Are the City's collective bargaining agreements comparable to the peers and best practices?
Are leave accumulations and usage similar to the peers and consistent with best practices?
Is overtime usage comparable to best practices and peers?

Human Resource Administration:

Does the City follow Civil Service rules and regulations concerning the hiring, promotion, and discipline of classified employees?
For non-civil service employees other than elected officials, are there established criteria for hiring?
Is the Human Resource Function centralized within the Human Resource Department?

Are personnel records centrally stored and safeguarded?
Is management receiving appropriate and timely training?

Public Safety:

Is the span of control comparable to peers/best practices?
Is Fire sick leave usage comparable to DAS averages?
Are there factors that cause overtime to be unreasonable and inefficient?
Are the City's collective bargaining agreements comparative to the peers and best practices?
Is the current EMS service cost beneficial to the City?
Could the City of Elyria transition to Fire based EMS?
Does the City have efficient and effective mutual aid agreements?
Are the police and dispatch functions efficiently organized and staffed comparable to the peers and best practices?
Is service quantity and quality comparable to the peers?
Does the City coordinate police, fire, dispatch, and EMS operations to provide efficient and effective service?
Are efficient protocols established among EMS providers within the City?

Community Services:

Is the Health Department efficient when compared to best practices and peers?
Is the Building Department efficient when compared to best practices and peers?
Is the Community Development Department efficient when compared to best practices and peers?
Is the Engineering Department efficient when compared to best practices and peers?
Is the Cemetery Department efficient when compared to best practices and the peers?

Central Operations:

Are central maintenance costs efficient when compared to best practices and the peers?
Are central communication costs efficient when compared to best practices and the peers?
Are central facility maintenance costs efficient when compared to best practices and the peers?

Enterprise Functions and Streets:

(Utilities, Streets and Highways, Water, Wastewater, Water Pumping, and Parks & Recreation)

Is the Utility Department efficient compared to the peers?
Are the City's water treatment and water pumping plant staffing comparable to the peers?
Are the City's water rates reasonable when compared to EPA standards?
Is the City's water and sewer line maintenance staffing level comparable to the peers?
Is the City's wastewater staffing level comparable to the peers?
Are the City's sewer rates reasonable when compared to EPA standards?
Are there cost effective alternatives to the City's current means of providing water, waste water, cemetery, and park services?

What are the financial implications of the EPA storm water requirements?

Are the refuse service levels, programs, and responsiveness to constituents, cost ratios, operating revenues and expenses efficient when compared to the peers and best practices?

Is the streets department staffing and service levels comparable to the peers?

Are there cost effective alternatives to the City's current means of providing water, waste water, cemetery, and park services?

Are the parks and recreation service levels, programs, responsiveness to constituents, cost ratios, operating revenues and expenses efficient when compared to the peers and best practices?

Assessments not Yielding Recommendations:

The following objectives did not yield recommendations:

Is the Mayor's Office efficient in comparison to the peers?

Is the Finance Director's office efficient in comparison to the peers?

Do the workers' compensation claims for the City appear to be managed appropriately?

Does the City follow Civil Service rules and regulations concerning the hiring, promotion, and discipline of classified employees?

For non-civil service employees other than elected officials, are there established criteria for hiring?

Does the City have efficient and effective mutual aid agreements?

What are the financial implications of the EPA storm water requirements?

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

Recommendation	Impact
GOVERNMENTAL FUNDS (GF)	
D.2 Develop an Energy Conservation Management Policy	\$180,693
E.2 Reduce overtime usage	\$61,357
E.3 Competitively bid life insurance coverage ¹	\$13,920
E.5 Reduce the use of sick leave	\$55,865
E.6 Review, develop, and adopt strategies to improve the cost-effectiveness of the health insurance program ¹	\$329,000
G.5 Renegotiate the IAFF contract ¹	\$324,086
G.6 Increase span of control in the Police Department ¹	\$172,075
G.7 Renegotiate Elyria Police Patrolmen's Association Contract ¹	\$131,655
G.8 Reduce overtime in the Police Department ¹	\$29,000
G.10 Enter into a Joint Dispatch Agreement	\$204,960
G.11 Adjust base salaries of Safety Service Employees ¹	\$131,921
H.1 Consolidate operations to form a general health district.	\$67,000
H.2 Integrate the Building and Community Development Departments	\$129,371
H.3 Reduce Cemetery staff	\$158,000
H.4 Reduce Engineering Department Staff	122,616
Total Governmental Fund Savings	\$2,111,519
ENTERPRISE FUNCTION FUNDS (EFF)	
E.2 Reduce overtime usage	\$458,503
J.1 Outsource refuse services ²	\$1,212,578
J.2 Reduce Water Loss and Infiltration and Inflow	\$1,130,575
J.3 Implement late fees on utility bills and adjust how payments are applied	\$15,415
J.4 Reduce Utility Billing staff	\$331,784
J.5 Reduce Line Maintenance staff	\$728,577
J.6 Reduce Wastewater staff	\$708,789
J.7 The Parks and Recreation Department should close a pool	\$47,500
Total Enterprise Fund Savings	\$4,633,721
Total Savings from Recommendations (GF + EFF):	\$6,745,240

¹ Subject to collective bargaining agreement negotiations

² Rate reductions for residential customers

A. Administration

Background

This section of the performance audit focuses on the City of Elyria's (Elyria or the City) citywide financial and administrative operations, including financial reporting, revenues and expenditures, the Mayor's and Finance Director's offices, utility department, income tax, long range planning, and the use of performance measures. Operations were compared to leading or recommended practices, industry benchmarks, and selected peer cities for the purpose of developing recommendations to improve efficiency and business practices and to identify potential cost savings.

Financial Operations

City operations are funded primarily by receipts and property taxes, income taxes, local government funds distributed by the State, fees and charges for services provided by the City, and several grants. Expenditures include salaries and benefits, purchased services, contracted services, supplies and materials, and capital outlay associated with the provision of police, fire, street maintenance, and utility services. **Table A-1** provides a high level overview of Elyria's total revenues and expenditures (all funds) over the last three years.

Table A-1: City of Elyria Revenues and Expenses (000's omitted)

	2009	2010	2011
Revenues	\$60,616	\$67,873	\$69,316
Expenses	\$61,581	\$64,036	\$67,870
Increase (Decrease) in Assets	(\$965)	\$3,837	\$1,446

Source: City of Elyria 2009, 2010 and 2011 Comprehensive Annual Financial Reports (CAFRs)

As illustrated in **Table A-1**, Elyria's revenues exceeded expenditures in 2010 and 2011.

Table A-2 shows the total revenues and expenses for both governmental activities and business-type activities.

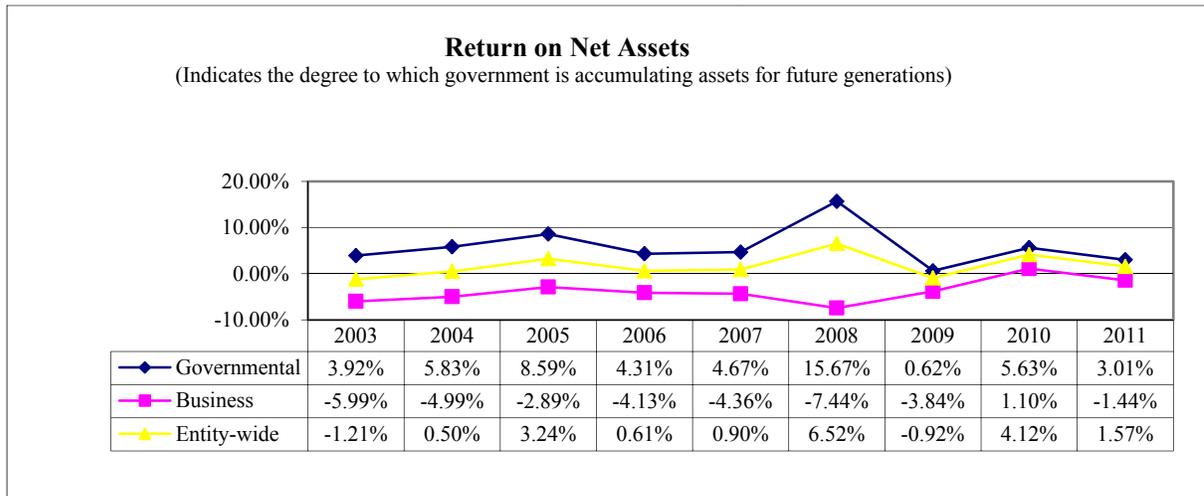
Table A-2: 2011 Revenues and Expenses per Citizen

	Elyria	Peer Average	Difference	Variance
Revenues	\$1,271.09	\$1,516.71	(\$245.62)	(16.2%)
Expenses	\$1,244.58	\$1,252.23	(\$7.66)	(0.6%)
Increase (Decrease) in Assets	\$26.52	\$264.48	(\$237.96)	(90.0%)

Source: City of Elyria and peer city CAFRs

As illustrated in **Table A-2** above, Elyria's revenues per citizen are 16.2 percent lower than the peer average, and the City's expenditures per citizen are 0.6 percent lower than the peer average. The City of Elyria increase in assets was 90 percent lower than the peers. The City does not have a policy or plan concerning the provision of assets for future generations.

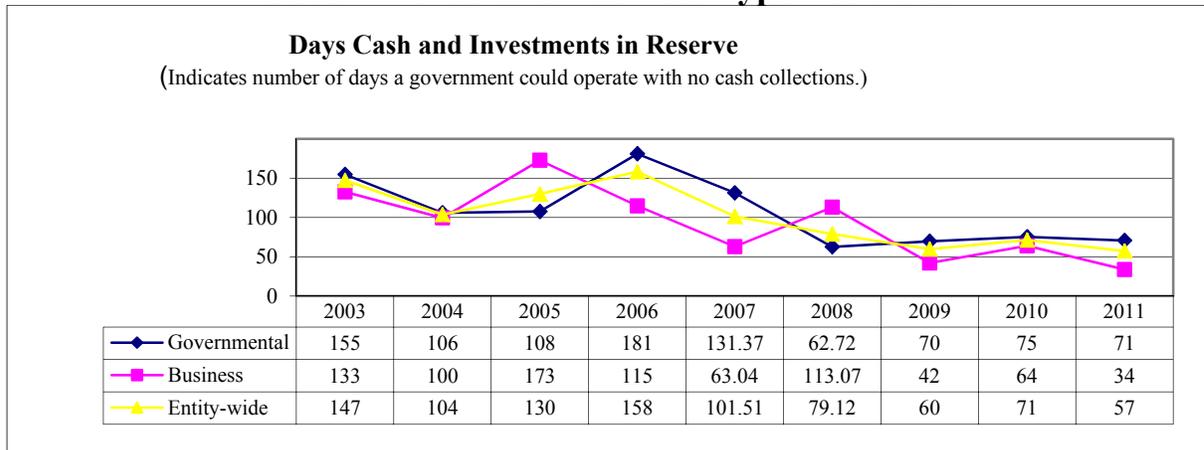
**Chart A-1: City of Elyria Return on Net Assets 2003-2011
Governmental and Business Type Activities**



Source: City of Elyria Comprehensive Annual Financial Report

Chart A-1 disaggregates the data in Table A-1 into Governmental Funds and Business Type activities. While the Governmental Funds had a positive return on assets (profit) over the period, the Business Type activities had a negative return on assets in all years except 2010.

**Chart A-2: Days Cash and Investments in Reserve 2003-2011
Governmental and Business Type Activities**



Source: City of Elyria Comprehensive Annual Financial Report

Chart A-2 shows that the days of cash and investments in reserve have decreased over 50 percent from 2003 to 2011.

Table A-3 shows how the sources of revenue for governmental funds changed from 2003 to 2011.

Table A-3: Change in Governmental Revenue Mix 2003-11 (000's omitted)¹

	2003	2005	2007	2009	2011	\$ Change 2003-11	% Change 2003-11
Investment revenue	\$180	\$414	\$1,087	\$40	\$18	(\$162)	(90%)
Intergovernmental Aid²	\$8,012	\$7,299	\$7,004	\$9,665	\$12,354	\$4,342	54%
Income Tax Revenue	\$21,401	\$23,057	\$21,187	\$18,160	\$21,989	\$588	3%
Total Revenue	\$40,668	\$42,882	\$43,180	\$40,023	\$45,303	\$4,635	11%

Source: City of Elyria Comprehensive Annual Financial Report

¹Even numbered years omitted for presentation purposes. Table A-3 does not include all Governmental revenue sources except in total revenue.

²Intergovernmental Aid includes monies received from the State and Federal governments.

Table A-3 shows a significant increase of 54 percent in intergovernmental aid revenue while local income tax revenue increased 3 percent, and total revenue increased 11 percent. Based on the numbers from the charts and tables, the City of Elyria will not be able to sustain the same levels of service for its residents in the future. While citizens are currently experiencing high levels of service, the disparity between revenues, expenditures, inflation, reduced reserves, and increased dependency on intergovernmental aid will ultimately result in a deficit for the City. It is likely that services are going to diminish if the City does not increase efficiency or revenues. Because the City does not have a strategic plan that would include a long range financial plan, and performance measures, (See **Rec A.1** and **A.2**) the timing and magnitude of the potential service decrease or revenue increase cannot be accurately determined.

Tables A-4 through A-6 provide a breakout of Elyria's activities by Governmental Fund and Business-Type Activities. (The source and footnotes at the end of **Table A-6** apply to **Tables A-4** through **A-6**.)

Business-Type funds are used to account for activities for which a fee (such as a utility fee) is charged to external users for goods or services (such as water and sewer). Governmental funds are those through which most activities typically are funded through tax revenues. Elyria has four Business-Type funds: water, special parks and recreation, sanitation, and wastewater pollution control. **Tables A-4** through **A-6** show comparisons of Elyria to peers for all revenues and expenditures.

Table A-4: City of Elyria Activities Compared to Peers (000's omitted)

Expenditures				
Functions and Programs	Elyria	Peer Average	Difference	Variance
Governmental Activities				
Public Safety	\$20,096	\$20,682	(\$586)	(2.8%)
Health ¹	\$2,076	\$632	\$1,444	228.3%
Culture and Recreation	\$1,722	\$1,607	\$115	7.1%
Community Environment	\$4,374	\$4,694	(\$320)	(6.8%)
Highway and Streets	\$5,091	\$7,623	(\$2,532)	(33.2%)
Basic Utility Service ²	\$0	\$95	(\$95)	(100.0%)
General Government	\$8,504	\$8,707	(\$203)	(2.3%)
Economic Development ²	\$0	\$563	(\$563)	(100.0%)
Interest and Fiscal Charges	\$1,430	\$1,084	\$346	31.9%
Total Governmental Activities	\$43,293	\$45,687	(\$2,394)	(5.2%)
Business Type Activities				
Water	\$7,684	\$5,764	\$1,920	33.3%
Special Parks and Recreation ³	\$217	\$1,724	(\$1,507)	(87.4%)
Sanitation	\$5,274	\$1,777	\$2,313	78.1%
Wastewater Pollution Control	\$11,402	\$8,006	\$3,396	42.4%
Total Business-Type Activities⁴	\$24,577	\$26,297	(\$1,720)	(6.5%)
Total Primary Government	\$67,870	\$71,984	(\$4,114)	(5.7%)
Revenues				
Charges for Service				
Governmental Activities	\$4,062	\$6,529	(\$2,467)	(37.8%)
Total Business-type Activities	\$23,847	\$27,260	(\$3,413)	(12.5%)
Total Charges for Services	\$27,909	\$33,789	(\$5,880)	(17.4%)
Operating Grants and Contributions				
Governmental Activities	\$5,773	\$7,671	(\$1,898)	(24.7%)
Total Business-type Activities	\$150	\$383	(\$233)	(60.9%)
Total Operating Grants and Contributions	\$5,923	\$8,054	(\$2,131)	(26.5%)
Capital Grants and Contributions				
Governmental Activities	\$1,465	\$2,380	(\$914)	(38.4%)
Total Business-type Activities	\$16	\$1,415	(\$1,398)	(98.8%)
Total Grants and Contributions	\$1,482	\$3,794	(\$2,312)	(60.9%)
General Revenues				
Property Taxes	\$3,357	\$5,037	(\$1,680)	(33.3%)
Municipal Income Taxes ⁵	\$21,984	\$20,733	\$1,251	6.0%
Other Local Taxes ⁶	\$3,499	\$858	\$2,641	407.8%
Intergovernmental Revenues and Contributions not restricted to specific programs	\$5,116	\$3,657	\$1,459	39.9%
Investment Earnings	\$18	\$186	(\$168)	(90.1%)
Miscellaneous	\$28	\$391	(\$363)	(92.9%)
Transfers-Internal Activities	\$0	(\$501)	\$501	(100.0%)
Total General Revenues	\$34,002	\$30,361	\$3,641	12.0%
Total Revenues	\$69,316	\$75,998	(\$6,682)	(8.8%)

Table A-5: City of Elyria Activities Compared to Peers (Percent of Total)

Expenditures				
Functions and Programs				
	Elyria	Peer Average	Difference	Variance
Governmental Activities				
Public Safety	46.4%	46.0%	0.4%	0.9%
Health ¹	4.8%	1.2%	3.6%	300.0%
Culture and Recreation	4.0%	3.8%	0.2%	5.2%
Community Environment	10.1%	9.0%	1.1%	12.2%
Highway and Streets	11.8%	16.6%	(4.8%)	(28.9%)
Basic Utility Service ²	0.0%	0.2%	(0.2%)	(100.0%)
General government	19.6%	19.9%	(0.3%)	(1.5%)
Economic Development ²	0.0%	1.1%	(1.1%)	(100.0%)
Interest and Fiscal Charges	3.3%	2.2%	1.1%	50.0%
Total Governmental Activities	100.0%	100.0%	0.0%	0.0%
Business Type Activities				
Water	31.3%	29.5%	1.8%	5.8%
Special Parks and Recreation ³	0.9%	5.1%	(4.2%)	(82.4%)
Sanitation	21.5%	7.4%	14.1%	190.5%
Wastewater Pollution Control	46.4%	39.8%	6.6%	16.6%
Total Business-type Activities⁴	100.0%	N/A	N/A	N/A
Revenues				
Charges for Service				
Governmental Activities	5.9%	8.7%	(2.8%)	(32.2%)
Total Business-type Activities	34.4%	33.3%	1.1%	3.3%
Total Charges for Services	40.3%	42.0%	(1.7%)	(4.0%)
Operating Grants and Contributions				
Governmental Activities	8.3%	10.6%	(2.3%)	(21.7%)
Total Business-type Activities	0.2%	0.5%	(0.3%)	(60.0%)
Total Operating Grants and Contributions	8.5%	11.1%	(2.6%)	(23.4%)
Capital Grants and Contributions				
Governmental Activities	2.1%	3.2%	(1.1%)	(34.7%)
Total Business-type Activities	0.0%	2.1%	(2.1%)	(100.0%)
Total Grants and Contributions	2.1%	5.3%	(3.2%)	(60.4%)
General Revenues				
Property Taxes	4.8%	6.3%	(1.5%)	(23.8%)
Municipal Income Taxes ⁵	31.7%	29.1%	2.6%	8.9%
Other Local Taxes ⁶	5.0%	1.1%	3.9%	345.5%
Intergovernmental Revenues and Contributions not restricted to specific programs	7.4%	4.9%	2.5%	50.4%
Investment Earnings	0.0%	0.3%	(0.3%)	(100.0)
Miscellaneous	0.0%	0.5%	(0.5%)	(100.0%)
Transfers-Internal Activities	0.0%	(0.5%)	0.5%	(100.0%)
Total General Revenues	49.1%	41.6%	7.5%	18.0%
Total Revenues	100.0%	100.0%	0.0%	0.0%

Table A-6: City of Elyria Activities Compared to Peers (Per Capita)

Expenditures				
Functions and Programs				
	Elyria	Peer Average	Difference	Variance
Number of Residents	54,533	50,555	3,978	7.9%
Governmental Activities				
Public Safety	\$369	\$414	(\$45)	(10.9%)
Health ¹	\$38	\$11	\$27	245.5%
Culture and Recreation	\$32	\$34	(\$2)	(5.9%)
Community Environment	\$80	\$97	(\$17)	(17.5%)
Highway and Streets	\$93	\$150	(\$57)	(38.0%)
Basic Utility Service ¹	\$0	\$2	(\$2)	(100.0%)
General Government	\$156	\$173	(\$17)	(9.8%)
Economic Development ²	\$0	\$9	(\$9)	(100.0%)
Interest and Fiscal Charges	\$26	\$20	\$6	30.0%
Total Governmental Activities	\$794	\$910	(\$116)	(12.7%)
Business Type Activities				
Water	\$141	\$114	\$27	23.7%
Special Parks and Recreation ³	\$4	\$36	(\$32)	(88.9%)
Sanitation	\$97	\$38	\$59	156.3%
Wastewater Pollution Control	\$209	\$154	\$55	35.7%
Total Business-type Activities⁴	\$451	\$342	\$109	31.9%
Total Primary Government	\$1,245	\$1,252	(\$7)	(6.2%)
Revenues				
Charges for Service				
Governmental Activities	\$74	\$130	(\$56)	(43.1%)
Total Business-type Activities	\$438	\$542	(\$104)	(19.2%)
Total Charges for Services	\$512	\$672	(\$160)	(23.8%)
Operating Grants and Contributions				
Governmental Activities	\$106	\$148	(\$42)	(28.4%)
Total Business-type Activities	\$3	\$8	(\$5)	(62.5%)
Total Operating Grants and Contributions	\$109	\$156	(\$47)	(30.1%)
Capital Grants and Contributions				
Governmental Activities	\$27	\$51	(\$24)	(47.1%)
Total Business-type Activities	\$0	\$27	(\$27)	(100.0%)
Total Grants and Contributions	\$27	\$78	(\$51)	(65.4%)
Table A-6 continued on next page				

**Table A-6: City of Elyria Activities Compared to Peers (Per Capita)
(continued)**

General Revenues				
Property Taxes	\$62	\$102	(\$40)	(39.2%)
Municipal Income Taxes ⁵	\$403	\$421	(\$18)	(4.3%)
Other Local Taxes ⁶	\$64	\$17	\$47	276.5%
Intergovernmental Revenues and Contributions not restricted to specific programs	\$94	\$71	\$23	32.4%
Investment Earnings	\$0	\$4	(\$4)	(100.0%)
Miscellaneous	\$1	\$6	(\$5)	(83.3%)
Transfers-Internal Activities	\$0	(\$10)	\$10	(100.0%)
Total General Revenues	\$624	\$611	\$13	2.1%
Total Revenues	\$1,272	\$1,517	(\$245)	(16.2%)

Source: City of Elyria 2011 CAFR and 2011 peer city CAFRs

¹ Some peers do not have health department responsibilities causing Elyria's costs to not be comparable

² The City of Elyria does not have economic development or basic utility service departments. Only Fairfield has basic utility and only Lorain has economic development.

³ Not all peers have a special parks and recreation enterprise fund.

⁴ Totals include business-type activities of peers that did not match Elyria in order to be consistent.

⁵ Income tax rates are as follows: Elyria 1.75%; Lorain 2.00%; Cuyahoga Falls 2.00%; Fairfield 1.50%; Mansfield 1.75%; and Middletown 1.75%.

⁶ Other local taxes are higher for Elyria because the amount includes Gasoline and Motor Vehicle Taxes. Only two peers have revenues in other local tax category.

The City of Elyria is spending more in several areas when compared to the peers. Elyria is spending more per capita on health, interest and fiscal charges in the governmental activities. In the business-type activities, Elyria is spending more per capita in water, sanitation and wastewater pollution control.

Elyria's revenues are less than the peers in several areas. Elyria's charges for service, operating grants and contributions, and capital grants and contributions are all generating less revenue per capita than the peers. Under general revenues, Elyria receives fewer dollars per capita in property, income and other local taxes, investment earnings, and miscellaneous.

Income Tax

The City of Elyria has a permanent income tax of 1.0 percent, a 0.25 percent police income tax, and a 0.5 percent income tax that is renewed every 5 years. The City's income tax rate in 2012 was 1.75 percent. The City employs one person and contracts with an external organization for income tax collection

Mayor's Office

The Mayor of the City of Elyria is the chief executive, administrative, and law enforcement officer of the City. The Mayor is responsible for the administration of all municipal affairs of all departments and divisions of the City as provided in the City Charter, the ordinances of the City, and the laws of the State of Ohio. The Mayor does not have responsibility for the

City Council, the Clerk of Council, or the offices of the City Finance Director and City Law Director.

As of FY 2012, the Office of the Mayor employed 3.3 FTE's, including 1.0 FTE Mayor, 1.0 FTE Administrative Assistant, 1.0 FTE Equal Employment Opportunity (EEO) Coordinator, and 0.30 FTE Administrative Legal Counsel.

Table A-7 compares the staffing of the Mayor's Office to the peers.

Table A-7: Mayor's Office Staffing Analysis and Peer Comparison

	Elyria	Peer Average 2011	Difference	Percentage
Population (2010)	54533	50555	(3,978)	(7.9%)
Total City FTE's	437.39	394.56	(42.83)	(10.9%)
Mayor's Office FTE's	3.30	3.20	(0.10)	(3.1%)
Mayor's Office Staff (per 1,000 Citizens)	0.06	0.06	0.00	0.0%
City FTE's per Mayor's Office FTE	131.54	122.30	(9.24)	(7.6%)

Source: City of Elyria, Peers, and U.S. Census Bureau

As shown in **Table A-7**, the Mayor's Office is appropriately staffed, compared to the peers, as the office maintains 0.06 FTE's per 1,000 citizens, which is comparable to the peer average. Further, the office supports 131.5 City FTE's per Mayor's Office FTE, which is greater than the peer average of 122.3 FTE's. While the Mayor's Office is staffed efficiently, the office does share 2.0 FTE Secretaries with the Safety Service Department, who assist with answering phone calls and the Citizen Action Center.

Finance Director's Office

The Finance Director is the fiscal officer for the City. The Finance Director keeps the financial records of the City, including statements of all moneys received and expended, all property owned by the City, and all taxes and assessments. He is also responsible for advising the City Council on matters concerning the financial condition of the City, while also processing payroll, accounts payable and receivable, and monitoring the City's investments. The Finance Director may have additional responsibilities, as provided in the City Charter, City ordinances, or laws of the State of Ohio.

In FY 2012, the Finance Director's Office employed a staff of 8.0 FTEs, including 1.0 FTE City Finance Director, 1.0 FTE Deputy Finance Director, 2.0 FTE Payroll Officers, 1.0 FTE Accounts Payable Officer, 1.0 FTE Accounts Receivable Officer, 1.0 FTE Income Tax Clerk, and 1.0 FTE for miscellaneous functions.

Table A-8 compares the Finance Director's Office Staff to the peers.

Table A-8: FY 2011 Finance Director's Office Peer Comparison

	Elyria (2011)	Peer Average (2011)	Difference	Percentage
Population (2010)	54,533	50,555	(3,978)	(7.9%)
Total City FTE's	441.69	394.56	(47.13)	(11.9%)
Finance Director's Office FTE's	8.00	9.12	1.12	12.1%
W-2's Issued	645.00	636.60	(8.40)	(1.3%)
Vouchers Processed	15,002	12,058	(2,944)	(24.4%)
Finance Director's Office Staff (per 1,000 Citizens)	0.15	0.18	(0.03)	(16.6%)
City FTE's per Finance Director's Office FTE	54.21	43.32	10.89	25.1%
W-2's Issued per Finance Director's Office FTE	80.63	72.87	7.75	10.6%
Vouchers per Finance Director's Office FTE	1,875.25	1,504.48	370.77	24.6%

Source: City of Elyria, peer cities, and the U.S. Census Bureau

As shown in **Table A-8**, the Finance Director's Office processed approximately 2,944 more vouchers and issued 8.4 more W-2's in FY 2011 while employing 1.1 fewer FTE's than the peers. Workload measures indicate that the City Finance Director's Office processed 24.4 percent more vouchers and issued 10.6 percent more W-2's per FTE than the peers. Further, Finance Director's Office staffing appears to be proportionately lower than the peer average, as the City employs 10.89 more FTEs per Finance Director's Office FTE. The City also employs 16.6 percent less staff per 1,000 citizens than the peer average. As a result, the Finance Director's Office appears to be serving more citizens and employees, issuing more W-2's, and processing more vouchers while employing fewer FTEs when compared to the peers.

Long Range Planning

The City of Elyria does not currently exercise a formal strategic planning process. A strategic plan was originally developed in the mid-1990's, but was not fully implemented or formalized until a previous Mayor developed the Elyria 2015 plan. The Elyria 2015 plan was created utilizing working groups composed of Elyria citizens, council members, and various other stakeholders in order to present goals and values that aligned with a central mission and vision statement. The Elyria 2015 Plan includes the follow values and goals:

- **Business-** We value our business community for the jobs they provide, the taxes they pay, and the services they offer to the community.
- **Collaboration-** We strive to work cooperatively with others to better serve our community.
- **Inclusion-** We value the uniqueness and contributions of all individuals in our community.
- **Involvement-** We promote citizen involvement in public, community, and neighborhood life.
- **Neighborhoods-** We value well maintained, walkable, quiet and safe neighborhoods.

- **Opportunity-** We value our access to big city economic, educational, recreational and cultural amenities.
- **Pride-** We value our small town historic character that is friendly, event filled, and exudes community spirit.
- **Safety-** We recognize that being a safe community is our primary expectation.
- **Services-** We strive to provide efficient and effective public services with an emphasis on public safety.
- **Sustainability-** We commit to requiring high quality and sustainable community development; and
- **Youth-** We commit to being a community that at all times has life-enhancing places and activities for all of our youth.

In 2008, a community survey was conducted to determine the effectiveness of the plan. This was followed by a revision of the plan in 2009. In December of 2011, the Elyria 2015 Plan was adopted by the City Council.

Performance Measurement

The City of Elyria does not have a comprehensive, citywide performance measurement system. Performance measurement is done sporadically at the department level to measure departmental performance and opportunities for improvement. For example, the Fire Department measures response times to determine the department's performance. These measures also assist the Fire Department in planning for activities such as fire based EMS, new fire station construction, and expanded services. The information technology staff also tracks the number of tickets (work orders) for technology issues. This assists in evaluating performance, the types of difficulties employees are experiencing, as well as the number of open and closed tickets.

Recommendations:

A.1 Develop and periodically review a citywide strategic plan

The City should utilize extensive citizen feedback and proceed to revise the Elyria 2015 Plan or create a new strategic plan that details the City's vision, core values, critical success factors, and mission. The rest of the strategic plan should detail goals, desired outcomes, and strategies to achieve the aforementioned outcomes. When the City has a strategic plan to drive its budgetary process, it will be better able to define budgetary priorities and initiatives that meet its vision, mission, and goals.

Currently, the City does not operate under the guidance of a strategic plan. The City originally developed the Elyria 2015 Plan in 2005 as a long-range strategic plan that would assist in aligning the city's priorities with its budget and service delivery systems. In May of 2008, an independent contractor conducted a phone survey of 400 registered voters residing in the City of Elyria to gather information regarding the Elyria 2015 plan and its goals and achievements. Based on the report, 57 percent of those surveyed were familiar with the Elyria 2015 plan, with a majority stating that knowledge of a strategic plan would make them more

willing to vote for a tax levy. From the report, parts of the strategic plan appeared to be unpopular, given responses from voters regarding Elyria 2015 plan initiatives. Additionally, a majority of certain age groups (18 to 64 year olds) felt the City was headed in the wrong direction. The plan was revised and adopted by the City Council in December of 2011. However, the current Mayor and Safety Service Director indicated that the current Elyria 2015 plan is not fully utilized, because it does not accurately reflect the community's priorities and is not in alignment with the budgetary process.

The Government Finance Officers Association (GFOA, 2005) recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. The Cities of Santa Clarita, California and Salisbury, North Carolina provide best practice examples that the City could use to ensure the strategic planning process is fruitful and yields results that are representative of the City as a whole. The City of Santa Clarita has an active and diverse strategic planning process that includes creating numerous, diverse committees, conducting mail and telephone surveys, and selecting expert teams to analyze action plans. The City of Salisbury created a strategic plan (www.salisburync.gov/Departments/Community/Planning/Planning/Pages/Vision-2020.aspx) that presents an overview of the City's vision, core values, critical success factors, and mission. The rest of the plan details outcomes, strategies, and goals to achieve the aforementioned factors.

The City's current priorities as listed in its strategic plan do not necessarily reflect the perceptions of the citizens with respect to the direction the City should pursue. The City provided a 2008 survey of residents regarding the Elyria 2015 Plan and the proposed income tax levy suggested that 42 percent of respondents were not aware that the City had a strategic plan. Further, 64 percent of respondents disagreed with the Elyria 2015 Plan with regard to expanding the downtown river walk, while 40 percent and 37 percent of respondents disagreed with the plan's priorities of implementing beautification projects and establishing a senior center, respectively.

When the City develops a strategic plan to link with its budgetary process, it will be able to better identify the priorities, initiatives and goals that align with its mission and vision. Further, developing, periodically reviewing, and updating a strategic plan will allow the City to consistently redefine its top budgetary priorities and initiatives and allocate resources to meet these priorities in a manner that reflects the City's changing needs.

A.2 Develop a citywide performance measurement system

The City should develop a formal, structured citywide performance measurement system to ensure that departments are held accountable to the City and its citizens. Implementing a CitiStat, Balanced Scorecard, or other performance measurement system would help ensure accountability, performance, and efficiency to the citizens of Elyria and would also keep the administration informed of each department's performance. Eventually, the City should utilize departmental performance data to assist in formulating its annual budgets.

According to *Municipal Benchmarks* (Ammons, 2011), a properly developed and administered performance measurement system can offer important support to a host of management functions, including improved accountability, planning/budgeting, operational improvement, program evaluation, allocation of resources, management of operations and contract monitoring. Performance measures permit governments to identify problem areas and, as corrective actions are taken, to detect the extent to which improvements have occurred. Performance measures generally may be categorized as one of four types:

- **Workload (Output):** Indicates the amount of work performed or services received.
- **Efficiency:** Reflects the relationship between the work performed and the resources required for the work performed.
- **Effectiveness (Outcome):** Depicts the degree to which performance objectives are achieved or otherwise reflects the quality of local government performance.
- **Productivity:** Combines efficiency and effectiveness into one measure.

The City of Baltimore, Maryland is a recent example of a municipality implementing the CitiStat methodology. According to the Center for American Progress (2007), CitiStat “is a data driven management system designed to monitor and improve the performance of City departments in real-time.” CitiStat uses basic, inexpensive computer software to track a myriad of government performance indicators. In its first year alone, the City of Baltimore saved \$13.2 million through the implementation of the CitiStat methodology.

The City of Charlotte, North Carolina uses the Balanced Scorecard performance management system. The Balanced Scorecard is an approach that takes into consideration four major areas and links them in order to achieve the organization’s stated mission. These areas include,

- Customers
- Business Processes
- Human Resources and Development; and,
- Financials

Further, the *Balanced Scorecard: Step-by-Step for Government and Non-Profit Agencies* (Niven, 2003) states that one of the main benefits of applying a Balanced Scorecard model is the “provocative questions that arise from the review of results.”

According to the Mayor and the Safety Service Director, the priorities set forth in the Elyria 2015 strategic plan are not representative of the citizens of Elyria. Thus, no performance measurement system has been established due to the lack of clearly defined goals and objectives that would be defined in a strategic plan.

Implementing a formal, structured performance measurement system would ensure accountability, performance, and efficiency to the citizens of Elyria and would also keep administration informed about each department’s performance. Further, implementing a performance measurement system would allow departmental budgets to be established based on achievements linked to the City’s strategic plan.

B. Technology

Background

Technology Operations and Staffing

The Information Technology Department employs 2 FTEs who are responsible for citywide purchasing, installation and configuration of all software, software training and user support. In early 2007, the technology function had 7 FTEs. Throughout that year, 4 FTEs retired and in 2008 one FTE was laid off, bringing the department total to 2 FTEs. The City has not filled the vacated positions. Currently, the Department does not have formalized policies or standard operating procedures. Moreover, the Department does not have a formal budget and does not charge departments for its time. In 2012, the Department created an intranet page to help with information sharing and HR postings. Also in 2012, the Department created a ticket system to track and monitor work requests.

Recommendations:

B.1 Create a technology plan

The City should create a technology plan that is linked to its strategic plan and ensure all new technology is fully implemented citywide and employees are appropriately trained to use it.

Management decisions: The City of Elyria does not have an electronic work order system. Work orders are obtained through various mediums such as phone calls, text messages, hand written notes and email. Without a formal work order system, city departments are at risk of losing work order information and being unable to trace information back to its source. Also, it is not a citywide practice to track the costs or monitor employee time associated with work orders. For example, the Communications department cannot provide a cost associated with each work order completed, the costs associated with purchased materials or the amount of time it takes to fulfill each work order.

The City also lacks a formal system to monitor complaints. For example, the Utility department does not have a user friendly way to track citizen feedback or citizen complaints. Likewise, the City does not use technology to monitor workload metrics related to its long-range planning efforts. It was observed through multiple interviews that the City does not have a system in place to ensure staffing levels are appropriate and efficient. Because the City does not track workload metrics, management does not have the appropriate data necessary to create a staffing plan or provide accurate and attainable long-range plans.

Internal Controls: The City does not have appropriate operational controls in place to accurately monitor and track capital assets. During the audit, the City adopted Ordinance Number 2012-145 to address the physical control of capital assets. The City maintains its

vehicle inventory by vehicle identification number (VIN); however, the City does not track its other capital assets. For example, the City does not use asset tags or serial numbers to monitor the number and type of equipment purchased for each department. Each department reports its capital assets to the Finance Director's Office using a spreadsheet. It was noted in an interview that under the current equipment tracking system, the City could be paying insurance on equipment that is no longer in use.

Duplication of Effort: There are many departments doing the same administrative work each day that could be eliminated through the use of appropriate software. For example, many departments do not use an electronic form of payroll or timekeeping. Employees' time is hand written by the department head then sent to a secretary who makes calculations (sick leave, vacation FMLA, etc.) on a transmittal sheet. Next, the secretaries send the hand written transmittal sheets to the payroll department for processing. The payroll department enters the transmittal sheets into the payroll software (ACS). Similarly, when the Utility Department receives a work order request, it sends the request to the Water Department where handwritten remarks are made on the request. It is then hand delivered back to the Utility Department. Once back in the Utility Department, the completed work order is entered into the computer system. However, the system does not have the capability to search by key word. In other words, if the work order completion date is not known, it would be very difficult to retrieve. Lastly, employees receive physical bi-weekly paychecks and are not required to utilize direct deposit. The process of paycheck delivery could be eliminated by implementing direct deposit.

According to GFOA best practices, the City of Greensboro, North Carolina has a best practice technology plan that is linked to its strategic plan. The Greensboro strategic plan outlines objectives and strategies for the development of a technology strategic plan, including the following:

- Develop technology priorities in the organization. Once the priorities are determined, the next strategy is to
- Create an organizational technology plan. This can be done with the assistance of a technology steering committee.

The plan states that a technology steering committee will prepare guidelines for departmental technology plans. Once the guidelines are prepared, the next step is to create departmental technology committees. Each department should create its own technology plan following the guidelines set forth by the technology steering committee. Next, the City needs to provide funding for technology. The plan goes on to say that the strategic plan provides a guideline for the organization to improve over the next 3-5 years and that its plan is not static, but is expected to be updated and changed over the next several years. Lastly, the plan goes on to identify opportunities for the organization in the next five years in the area of technology improvements and impacts that include the following:

- Improved departmental coordination;
- Improved departmental communication;
- Equitable distribution of technology;
- Improved ability to share resources; and

- Identification of more sources of technology funding.

The City of Elyria lacks the internal and management controls in technology to effectively make informed long-term financial decisions. By developing a formal technology plan that is linked to its strategic plan and having a performance measurement system, Elyria will be better equipped to effectively manage its resources, measure progress related to its strategic goals, address the future management of the City, and effectively serve its residents.

C. Purchasing

Background

This section of the performance audit focuses on purchasing and contracting for the City, including assessments of policies and processes. The City's processes were evaluated and compared to leading practices, operational standards, and selected peer cities. Leading practices and operational standards were derived from the International City/County Management Association (ICMA), the Ohio Revised Code (ORC), the National Institute of Government Purchasing (NIGP), and the City of Elyria Codified Ordinances.

Purchasing

The City of Elyria currently has a decentralized purchasing function. Prior to FY 2000, the City employed a full-time procurement official who secured and reviewed bids, purchased supplies for all City departments, and ensured that the City received the lowest price for goods and services. The position was eliminated after FY 2000 and departments were then responsible for purchasing most of their own goods and services, while ensuring that they were receiving the best price. In some cases, this led to duplication of services and departments choosing vendors based on variables other than price and quality. Further, some department heads are not always aware of the purchases made by other departments, thus expending more for similar goods or services. However, citywide purchasing is done through competitive bidding for goods such as fuel, chemicals, and uniforms.

Contracting

The City's contracting process is handled by the Mayor, Safety Service Director, Equal Employment Opportunity (EEO) Director, as well as the Finance Director (for funds certification purposes only). All service contracts and purchases must adhere to Section 5.04(9) of the City of Elyria's Codified Ordinances governing competitive bidding and purchasing. The City ordinance also cites the Ohio Revised Code (ORC) as it relates to contract amounts and competitive bidding procedures. Currently, the City contracts for various services on a citywide level such as street sweeping, towing, health benefits consulting, and salvage vehicle services.

See Issues for Further Study for discussion concerning purchasing.

D. Fleet and Energy Management

Background

This section of the performance audit focuses on fleet management and energy management practices for the City of Elyria (~~or the City~~), including assessments of policies, practices and operations. The City's operations were evaluated and compared to leading practices, operational standards, and selected peer Cities. Leading practices and operational standards were derived from the Environmental Protection Agency (EPA), Northeast Ohio Public Energy Council (NOPEC), and First Energy.

Fleet and Energy Management

The City of Elyria owns 267 transportation vehicles. The City has instituted a take home policy for its police vehicles that requires fuel reimbursement for individuals living outside the City limits. The City has two fueling stations, one of which is located at the central garage and the other at the wastewater treatment plant. City employees use vehicle identification cards located in each vehicle and type in their identification number to receive fuel. The central garage has software that reports the vehicle and time of fuel purchase and each station is monitored by surveillance cameras. The City solicits bids for its fuel contract each year to ensure competitive fuel prices. Also, the City participates in the NOPEC program to provide discounted electricity and natural gas for its citizens.

Recommendations:

D.1 Monitor Transportation Vehicles

The City should actively monitor its transportation vehicle levels in relation to the number of employees, hours or miles in operation, and its financial condition. However, prior to making any transportation vehicle reductions, the City should work to implement the recommendations outlined in Rec I.3.

Table D-1 compares key operational data related to the number of City owned vehicles to the peers.

Table D-1: City Owned Vehicle¹ Comparison

	Elyria	Cuyahoga Falls	Fairfield	Lorain	Mansfield	Peer Average ²
Citizens	54,533	49,652	42,510	64,097	47,821	51,020
Employee Headcount	623	696	541	695	452	596
Vehicles	267	266	194	331	212	251
Vehicles per 1000 Citizens	4.89	5.36	4.56	5.16	4.43	4.88
Vehicles per Employee	0.43	0.38	0.36	0.48	0.47	0.42

Source: City of Elyria and peers with exception.

¹ Transportation vehicles include all City owned vehicles except equipment vehicles (Backhoe, Gator 4X4, Forklift, etc.)

²Middletown did not provide vehicle information.

Table D-1 shows that the City of Elyria owns 267 transportation vehicles, which is slightly more than the peer average of 250.8. The City owns 4.89 vehicles per 1,000 citizens, about the same as the peer average of 4.88. **Table D-1** also shows that the City of Elyria owns (0.43) vehicles per employee which is also in line with the peer average of (0.42). Because of the large number of departments in each of these cities, **Table D-2 Operational Metrics** was created to break down information for the departments with the largest number of transportation vehicles.

Table D-2: Operational Metrics

	Elyria	Cuyahoga Falls	Fairfield	Lorain	Mansfield	Peer Average ¹
Police Department Vehicles²	97	38	64	122	68	73.0
Police Department Employees (Sworn)	82	71	60	93	95	79.8
Vehicles per Sworn Employee	1.2	0.5	1.1	1.3	0.7	0.9
Fire Department Vehicles³	19	N/A	N/A	18	8	13.0
Fire Department Employees	74	N/A	N/A	78	78	78.0
Vehicles per Fire Employee	0.3	N/A	N/A	0.2	0.1	0.2
Water, Wastewater, Utility Vehicles	62	34	39	78	51	50.5
Water, Wastewater, Utility Employees	108	37	133	159	64	98.3
Vehicles per Employee	0.6	0.9	0.3	0.5	0.8	0.5
Street Department Vehicles	17	41	51	78	16	46.5
Street Department Employees	16	25	34	22	6	21.8
Vehicles per Street Employee	1.1	1.6	1.5	3.5	2.7	2.1
Total Vehicles for all (4) Departments	195	113	154	296	143	177
Total Employees for all (4) Department	280	133	227	352	243	239
Vehicles per employee	0.70	0.85	0.68	0.84	0.59	0.74

Source: City of Elyria and peers with exception

¹ Middletown did not provide vehicle information

² Fairfield, Cuyahoga Falls and Mansfield do not have take-home policies. The City of Lorain permits Command, SWAT, detectives, and on call employees to take home vehicles. .

³ It is unclear if all peer cities included large transportation vehicles (pumper and ladder trucks. Cuyahoga Falls only provided command vehicles. Fairfield did not provide fire vehicle data.)

Collectively, the abovementioned analysis shows the number of transportation vehicles in the City of Elyria is reasonable when compared to its peers with similar populations. However, the analysis also shows that the City has some flexibility to adjust vehicle levels in certain departments if its financial condition requires it. For example, the City owns 1.2 vehicles per sworn police officer compared to the peer average of (0.9). However, the Police Department offers a take home police car policy while other peer cities may not. Further, it is worth noting that while the overall numbers of vehicles per citizen and per employee are comparable to peer averages, the City has not dedicated any staff to oversee its fleet management and fleet purchasing responsibilities. See **Rec I.3** for additional discussion on the City's fleet management practices.

D.2 Develop an energy conservation and management policy

The City should develop formal energy management and conservation policies and procedures. In doing so, the City should review and incorporate information from industry sources; distribute and discuss the policies, procedures and guidelines with the staff; and assign an employee to monitor energy consumption at each building.

Although the City does participate in NOPEC and North Shore for its larger users to keep the cost of electricity and natural gas prices down, it does not have a formal energy management policy. The City does not track its utility costs by building and does not have employees responsible for ensuring the City is making the most cost effective use of energy.

According to *Energy Efficiency in Local Government Facilities and Operations* (U.S. Environmental Protection Agency, 2009), improving energy efficiency in owned and leased buildings is the most effective way to reduce energy consumption in local government buildings. The EPA noted energy cost savings of 35 percent or more are possible for many existing buildings. Energy can account for as much as 10 percent of a local government's annual operating budget. Committing to a policy for improved energy efficiency in buildings is an important first step for ensuring success. Also, according to the article *Institute an Energy Policy* (First Energy, 2012), an energy policy provides the foundation for successful energy management. It formalizes senior management's support and articulates the organization's commitment to energy efficiency for employees, shareholders, the community and other stakeholders. Based on the experience of ENERGY STAR partners, successful organizations have energy policies that:

- State an objective: Have a clear, measurable objective that reflects the organization's commitment, culture and priorities.
- Establish accountability: Institute a chain-of-command, define roles in the organization, and provide the authority for personnel to implement the energy management plan.
- Ensure continuous improvement: Include provisions for evaluating and updating the policy to reflect changing needs and priorities.
- Promote goals: Provide a context for setting performance goals by linking energy goals to overall financial and environmental goals of the organization.

The City does not have formal energy management or energy conservation policies or employees dedicated to tracking the City's energy use per building. Developing an energy conservation policy will enable the City to identify areas of energy cost and educate staff on the importance of a continuing approach to energy conservation beyond the building improvements. Using information and documentation from the building audits will target specific areas of weakness. Potential goals include not only decreasing energy consumption, but including staff in energy decisions that affect how sites operate and motivating staff to participate in the conservation of all City resources.

Financial Implication: If the City can reduce energy consumption by 10 percent, based on a conservative estimate, rather than the 35 percent deemed possible by the EPA, they could have reduced their energy expenditures by an average of \$180,693 per year over the past three years.

E. Human Resources Operations

Background

As of August 2012, the City employed approximately 440 full-time equivalent personnel. The employees in collective bargaining units are represented by the American Federation of State, County, and Municipal Employees, International Association of Firefighters, Fraternal Order of Police, and the Elyria Police Patrolmen's Association. Additionally, the City has a Civil Service Commission.

Recommendations:

E.1 Centralize human resource functions

The City should centralize its human resource functions into one department.

According to the administration, the City does not have a defined human resources department. Currently, the human resource function is being provided by an at-will-employee of the Mayor. Many traditional human resource functions have been transferred to other departments due to employee knowledge and availability. For example, the Deputy Finance Director is responsible for benefits administration, while a secretary in the Engineering Department is responsible for processing worker's compensation claims. Further, the EEO/ADA Director is responsible for civil rights issues, employee relations, orientation and training. In August 2012, the Mayor appointed an Assistant Safety Service Director for Human Resources and Risk Management. The Assistant Safety Service Director is responsible for providing leadership in developing and executing human resource management plans and procedures for all City personnel. This is a good first step to centralizing the human resource function, but additional centralization is needed. Further, he articulates human resource needs and plans to the executive management team while carrying out the city's mission and strategic vision.

According to *What Drives Companies to Centralize HR*, (Insight Consulting Partners), human resources must shift from a traditionally more administrative function to a strategic unit. Companies are finding they must reduce costs and increase the contributions human resources make to the bottom line. Further, most human resources departments have realized that they must help reduce costs by speeding recruiting, improving employee development, and implementing performance management and succession planning. Human resource departments can also reduce costs by optimizing processes. These factors can only be achieved by having all key players work at the same centralized location, which is essential for effective communication as well as the awareness and commitment to efficiency and effectiveness.

Also, according to *Advantages of Centralized Human Resources* (The Houston Chronicle, 2010), there are a myriad of different reasons to centralize an entity's human resource functions.

These include:

- Lower Operating Costs- Using a centralized human resources department saves money on organizational costs and transaction costs for HR department organization, recruiting, payroll processing and benefits administration.
- Concentration of Human Resource Skills- A centralized human resources staff is more accessible to line managers and senior management and can provide faster service.
- Knowledge Sharing- With a centralized human resources unit, there is rapid dissemination of essential knowledge of the organization's needs, both within the department and company-wide.
- Optimized Processes- A centralized human resources unit rapidly and efficiently optimizes essential business processes.
- Organizational Support- Centralized human resources provides better organizational support for companies with one location or many locations, although decentralized human resources may make more sense for very large, global operations.

Furthermore, the human resource departments for many of the peer cities are all inclusive, and complete most of the personnel functions for the cities. For example, the City of Cuyahoga Falls Human Resources Department provides a variety of service for current, retired, and prospective employees of the City of Cuyahoga Falls. Staff members are involved with employment and recruitment, training, safety, personnel records, workers' compensation, ADA/EEO compliance, and benefits administration. The City of Fairfield human resources department also provides a variety of human resource functions, including recruiting and hiring, competitive compensation strategy, benefits administration, workers' compensation, and other personnel issues.

The EEO/ADA Director stated that many of the functions related to human resources used to be housed within an unofficial human resources department. However, when employees that completed certain human resource functions, such as worker's compensation, transferred to other departments they continued to complete these functions.

Centralizing human resource functions in a stand-alone department will allow the City to more efficiently and effectively address employee needs and concerns. Further, establishing a stand-alone department, outside of the Mayor's office, will assist in continuity of the function. Moreover, creating a department specifically for human resource functions will ensure that personnel records are centrally stored, adequately safeguarded, and appropriately maintained (See **Rec F.1**).

E.2 Reduce the use of overtime

The City of Elyria should reduce its overtime expenditures to less than 1.3 percent of total compensation.

For this assessment, total employee compensation includes salaries and wages, overtime, insurance, pension, paid leave, payroll taxes, unemployment compensation, and workman's compensation expenses. Total compensation is 51 percent higher than base pay. The City of Elyria's overtime expenditures were compared to data published by the Bureau of Labor

Statistics (BLS). The publication, *Employer Costs for Employee Compensation - June 2012* (ECEC), measures employer costs for wages, salaries, and employee benefits for nonfarm private and state and local government workers. According to the publication, overtime should amount to between 0.1 and 1.3 percent of total employee compensation, depending on job functions. In 2012, the City of Elyria's employees used a total of 26,987 hours, or \$822,616 of overtime (excluding police, fire and municipal court employees). The City had a total of 9 departments with overtime greater than 5 percent of base pay. **Table E-1** shows the 6 departments with the highest overtime as percentage of base pay.

Table E-1: 2012 City of Elyria Overtime Costs (by Department)

Department	Base Pay	Overtime Cost	Overtime Hours	OT as % of Base Pay	OT as % of Total Compensation
Water Distribution	\$374,794	\$72,560	2,270.4	19.4%	12.8%
Water Pumping	\$1,162,384	\$133,724	4,027.1	11.5%	7.6%
Cemetery	\$296,948	\$33,920	1,220.0	11.4%	7.6%
Streets Department	\$791,696	\$76,899	2,475.4	9.7%	6.4%
Water and Waste Water	\$2,742,085	\$240,953	7,585.9	8.8%	5.8%
Refuse Department	\$1,038,102	\$87,556	2,883.6	8.4%	5.6%
Total	\$6,406,009	\$645,610	20,462.3	10.1%	6.7%

Source: City of Elyria

Note: Police, Fire and Municipal Court employees were removed from this analysis.

As illustrated in **Table E-1**, the Water Distribution, Water Pumping, Cemetery, Streets, Wastewater and Sanitation departments had the highest overtime as a percentage of base pay in 2012. Collectively, these departments spent \$645,610.58 in overtime costs, equivalent to 10.1% of base pay or 6.7% of total compensation.

According to *Six Tips to Reduce Labor Costs* (Khera Communications Inc., 2011), employers can implement many different strategies in order to reduce overtime and cut labor costs. These include implementing technology to make processes more efficient and effective. Further, technology can also be used to track sick leave and overtime usage so that each department can track its employee's schedules to ensure staff is being efficiently utilized.

Financial Implication: A reduction in overtime in the six functions listed in **Table E.1** to 1.3 percent of total compensation from 6.7 percent, the City will save approximately \$61,357 in the Streets Department and \$458,503 in the Enterprise Functions for a total of \$519,860 in annual savings.

E.3 Competitively bid life insurance coverage

The City of Elyria should competitively bid life insurance coverage to reduce costs while maintaining benefits

While the \$92,800 annual cost of providing life insurance to employees is small compared to the cost of health insurance, the unit cost of providing this benefit is significantly higher for the City (\$0.33 per \$1,000 in coverage) than that incurred by the Ohio Department of

Administrative Services (\$0.15 per \$1,000 in coverage).

Financial Implication: The City could realize a savings of approximately \$50,000 by seeking additional quotes from life insurance providers based on similar rates paid by the State of Ohio. However, based on peer experience, being conservative, the City could save 15 percent of its annual cost or \$13,920

E.4 Negotiate to eliminate the subcontracting provision from the City's classified agreement

The City of Elyria should negotiate to eliminate the provision of the collective bargaining agreement that prohibits lay-offs of classified staff due to subcontracting in order to bring them more in line with their peers.

The City's current collective bargaining agreement for classified staff is effective from September 1, 2011 until August 31, 2014. According to Article 52, Section 2 of the City's classified agreement, "Subcontracting shall not result in layoff of any employee or in a reduction of the number of bargaining unit employees." Further, a review of peer collective bargaining agreements confirmed that only one of the peers has a clause related to layoffs due to subcontracting, while the remaining four peers do not.

Negotiating to eliminate the provision that prohibits layoffs of classified staff in subcontracting situations would enhance the City's managerial options when attempting to reduce deficits. Further, it would provide management the option of reducing staff and subcontracting in order to provide the most efficient, cost-effective services for the City. Also, eliminating the subcontracting provision would make the City's collective bargaining agreement more consistent with peer agreements.

E.5 Reduce the use of sick leave

The City should ensure that formal sick leave policies are in place and expectations are properly communicated to employees. Further, management staff and city administrators should seek to define patterns of abuse and specify disciplinary actions for the misuse of sick leave.

In FY 2012, the City's 266 non-safety service employees used approximately 17,623 sick leave hours, a decrease of 29 percent from FY 2010. However, the City's sick leave usage has remained higher than the Ohio Department of Administrative Services (ODAS) averages. ODAS collects sick leave usage data for bargaining units throughout the State. ODAS presents this information in hours used as well as corresponding sick leave expenditures. The City's non-safety service departments averaged 66.3 hours of sick leave usage per employee when adjusted for Family Medical Leave Act (FMLA) hours and employee buybacks, resulting in a utilization rate that is 20 percent higher than the ODAS average.

Table E-2 shows the City's sick leave usage in excess of DAS averages.

Table E-2: City Sick Leave in Excess of DAS Averages

Sick Leave Hours Used per City FTE	66.3
DAS Sick Leave Hours Used per FTE	55.4
Difference	10.88
City FTEs (Excluding Police, Fire, and Court FTE'S)	265.9
City Median Hourly Wage (2012)	\$19.25
Total Cost	\$55,685

Source: City of Elyria and DAS

Note: Analysis excludes Fire, Police, and Municipal Court employees

According to **Table E-2**, employees in the City's non-safety service departments used an average of approximately 11 hours of sick leave more than the ODAS average. Further, based on the City's 265.9 FTE employees and median hourly wage, the City expended approximately \$55,685 for sick leave use in excess of the DAS average.

Sick Leave Abuse: A Chronic Workplace Ill? (International Personnel Management Association, 2002) emphasizes the importance of determining if and why employees exploit leave policies. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine whether, for example, sick leave is higher in one department, or under a particular supervisor, and whether workplace policies and procedures affect absences. Finding the root causes of the problem helps identify effective solutions. While methods for monitoring sick leave abuse vary, there are some common guidelines to help manage sick leave effectively:

- Recognize problems and intervene early before they escalate. Managers should enforce leave policies and take appropriate, timely action.
- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say “No.” Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices and knowledge to benefit management as well as the employee.
- Document activities to help the organization learn from operations, including mistakes.

Monitoring sick leave usage and ensuring that policies and procedures are properly enforced will assist in deterring sick leave abuse. Further, reducing sick leave use will improve productivity and morale for employees.

Financial Implication: If the City reduced sick leave use to the DAS average, it would achieve savings of approximately \$55,685.

E.6 Review, develop, and adopt strategies to improve the cost-effectiveness of the health insurance program

The City should review, develop, and adopt strategies to improve the cost-effectiveness of its health insurance program. Potential strategies include negotiating to increase employee contributions toward monthly premium costs (e.g., 20 percent) for the PPO plan; altering the plan design by increasing employee cost sharing for physician visits and prescriptions; increasing co-pays for prescriptions; and increasing deductibles and out-of-pocket maximums. However, prior to enacting any changes, the City should carefully review the provisions of the Patient Protection and Affordable Care Act (PPACA), and ensure it would realize a net cost savings by implementing the aforementioned changes.

The City should also develop a budget and contribution strategy to adequately fund an appropriate Claim Fluctuation Reserve.

The City is self-insured and uses a third party administrator, Medical Mutual of Ohio, to process claims. The City pays the cost of these claims from its insurance fund. However, it does not have a reserve balance for this fund. According to the Gallagher Benefits Review commissioned by the City, the reserve amount should be 12 percent of expected claims. Based on prorated 2012 claims, this amount is approximately \$643,000.

According to the State of the City report, February 12, 2013, in 2012 the City took the following actions to reduce the cost of health care to the city: rebid for a new health insurance brokers saving \$44,160 annually, introduced a new prescription program saving \$55,000 annually, and increased employee and employer share of contributions to reduce deficit/build an adequate reserve for self-insurance by increasing employee contributions by \$55,029

Table E-3 compares the City's medical health insurance premiums and employee contribution amounts for the PPO plan to data published by the State Employment Relations Board (SERB) for cities in Ohio. The table also shows nationwide data published by the Kaiser Family Foundation (Kaiser).

Table E-3: Medical Premium and Contribution Comparison

	Medical Premiums		Employee Contributions	
	Single	Family	Single	Family
City of Elyria	\$694	\$1,388	15.00%	15.00%
SERB Cleveland Region Average	\$497	\$1,311	8.80%	8.30%
Kaiser All Plans Average	\$468	\$1,312	18.00%	29.00%

Source: City of Elyria, SERB 2012 Report, and Kaiser 2012 Annual Survey

The City's premiums exceed both Kaiser and SERB averages for the single and family plans. The following plan features (network services) contribute to the higher premium costs:

- **Office Visit Co-payments:** The City requires a \$15 co-pay for doctor visits. SERB reported the statewide average co-pay is \$20. Likewise, Kaiser reports that the average co-pay for PPO plans is \$23.
- **Average Annual Deductible:** The City's annual deductible for single coverage is \$200 and \$400 for family coverage. SERB reported that 49.6% percent of single coverage plans have a deductible amount of \$400 or more while 44.4 percent of family coverage

plans have a deductible amount of \$900 or more. Kaiser reported that for PPO plans, the average single deductible is \$733 and the average family deductible is \$1,770.

- **Annual Out of Pocket Maximum:** The City's plan requires out of pocket maximums of \$500 for single coverage and \$1,000 for family coverage. SERB reported a statewide median of \$1,225 for single and \$2,500 for family coverage. Kaiser reported that 32 percent of single coverage plans have an out-of-pocket maximum of less than \$2,000 while 41 percent have a maximum of \$3,000 or more. Similarly, 29 percent of family plans have an out-of-pocket maximum of less than \$4,000 and 16 percent have maximums of \$8,500 or more.
- **Prescription Coverage:** The City operates a three-tier plan, with co-pays of \$15 for generic, \$20 for brand name when no generic is available, and \$25 for brand name when generic is available on the retail plans. SERB reported average co-pays for three-tier plans of \$10 for generic, \$20 for brand name, and \$40 for non-preferred. Furthermore, Kaiser reported average co-pays for three-tier plans of \$10 for generic, \$29 for brand name, and \$51 for non-preferred.

The City's employee premium contribution of 15 percent for the PPO plan is higher than the Cleveland Region SERB average of 8.3 percent for single and 8.8 percent for family, and lower than the Kaiser overall average of 18 percent for single and 29 percent for family.

The City also offers dental insurance to its employees, the cost of which is included in the medical insurance premium. According to a 2012 benefits study conducted for the City, the cost per employee per month for dental insurance was \$62.41. This amount is significantly below the SERB composite rate of \$73.54. However, the City's annual maximum benefit amount is \$2,000. SERB reports 14.9 percent of plans provided maximum dental benefits between \$1,600 and \$4,000, with 85.1 percent of plans offering an annual maximum less than this amount.

Financial Implication: Based on 2012 monthly healthcare premiums of \$549,047 by increasing the employee monthly contribution from \$82,357 (15 percent) to \$109,809 (20 percent) for health and dental insurance, the City could save \$27,452 monthly or approximately \$329,000 annually. The City may be able to realize additional savings by implementing the other proposed options.

F. Human Resources Administration

Background

Human Resource Department

The City of Elyria currently employs approximately 2.3 FTEs across three different departments to handle human resource activities for its approximately 440 employees. This includes 1.0 FTE Assistant Safety Service Director for Human Resources and Risk Management, 1.0 FTE Equal Employment Opportunity Director (EEO), 0.15 FTE Benefits Administrator, as well as 0.15 FTE Workers Compensation Secretary. The Assistant Safety Service Director is a position appointed by the Mayor and is responsible for providing leadership in developing and executing human resource management plans and procedures for all City personnel. The EEO Director is an employee of the Mayor's Office, and is responsible for functions such as facilitating interviews, reviewing and researching EEO complaints and excessive leave use, and conducting employee orientation. The Deputy Finance Director acts as the City's benefits administrator, while the Engineering Department clerk processes workers compensation claims.

Hiring and Promotional Process

The City's hiring process is facilitated by the EEO Director, while interviews for positions with the City also include the Assistant Safety Service Director for Human Resources, the specific department head, as well as one or two additional staff. The City hires staff based on merit as it pertains to each position's required skill set, experience, and educational background as described in the City's job descriptions. However, the City's current set of job descriptions have not been updated since 1997 due, in part, to the City's low turnover rate.

The City of Elyria maintains an active Civil Service Commission comprised of three members who are appointed by the Mayor for overlapping terms of six years, and one secretary who maintains accurate records of Commission proceedings. The City's Civil Service Commission is responsible for all classified employees not directly managed by an elected official. While the City's Codified Ordinances describe positions in the classified and unclassified service, the City does not hold civil service hiring or promotional tests for positions except for police and fire. However, as of November 2012, the City of Elyria Charter indicates that the determination of merit and fitness for classified employees need not be based on a written examination under the new amendment and may allow prior law enforcement experience to count in determinations for hire or promotion.

Management Training

The City provides training to all elected officials and management staff at the start of their tenure. These include anti-discrimination, weapons, and anti-harassment training, which are coordinated by the EEO Director. Management training is not typically provided to management staff, due to the relatively low turnover rate of managerial staff. However, due to

the influx of new management staff during FY 2011, the City provided training to all management level employees, consisting of four hours of class each week over a four week period. The training was provided by a local community college and cost approximately \$5,000, which was paid from specific funds in each department.

Recommendations:

F.1 Ensure personnel records are centralized and safeguarded

The City should centralize its personnel records storage in conjunction with the establishment of a Human Resources Department (See Rec E.1).

According to the EEO/ADA Director, the City currently does not have centralized storage of its personnel files. This is partly due to the City's decentralized human resources functions, as the City's payroll, benefits administration, and leave administration are done in the Finance Director's Office and worker's compensation processing is completed by a clerk in the Engineer's Office. Further, other human resource functions such as policy formulation, civil rights, training and orientation, and Family Medical Leave Act (FMLA) compliance are shared by the EEO/ADA Director and the Assistant Safety Service Director for Human Resources and Risk Management. Employees must complete multiple paper transfers to do their jobs, increasing process time and exposing the City to a higher risk of releasing personally identifiable information to unauthorized individuals.

The Montana Secretary of State's Administrative Rule: 2.21.6614 directs all agencies to store personnel information, including files that include personally identifiable information, in separate folders locked in a cabinet or secure area away from other files. Further, electronic personnel files must be stored in a secure electronic folder away from other electronic files to ensure that only authorized personnel have access to the files.

The *United States Office of Personnel Management's Operating Manual* (OPM, 2011) suggests that records should be secured against unauthorized access, and that records should only be made available to personnel that require such access for their job functions. It is imperative that personally identifiable information is restricted when an employee's personnel file is transferred from one department to another, or partially released.

Centralizing the storage of personnel files will allow the City to mitigate the risk associated with the storage of personally identifiable information and ensure that personnel files are properly safeguarded against unauthorized use. Further, centralizing its personnel files will also reduce the lead times associated with many of the City's human resource processes due to the elimination of multiple paper transfers.

F.2 Develop a comprehensive training plan and explore possible collaborative training opportunities

The City should prepare a comprehensive training plan that includes specific trainings for all City management employees. Further, the City should invest in regular management training for all department heads to ensure that they are provided with the most up to

date management techniques and skills. Finally, the City should explore collaborative training opportunities with other government entities in the region as a means of providing timely, cost-effective training opportunities.

The City currently lacks a comprehensive training plan for its employees. According to the City's EEO/ADA Director, all employees are required to participate in anti-harassment, drug-free workplace, and safety training courses as a condition of employment. The EEO/ADA Director also mentioned that 16 hours of management training were provided in 2011 due to the influx of 11 new department managers. While the City has provided recent managerial training, it does not provide staff with consistent training opportunities regarding management techniques and skills. However, some individual departments, such as the Fire Department, provide consistent management training for all command staff in conjunction with Lorain County Community College.

Performance Audit of Orange County (California AOS, 2011) suggests that there are many ways to provide timely, cost-effective training to employees, including:

- Assigning at least 1.0 FTE in the HR Department dedicated to training activities and providing dedicated training resources. Without dedicated training resources, there are no HR professionals who have the capacity to focus on training or have a significant vested interest in developing a strong training program.
- Becoming a participant, or driver, of a "training consortium." A training consortium should be a primary group within the county or area that is focused on training issues. This group is composed of representatives from different agencies/departments/municipalities/governments and serves as a forum for the exchange of ideas and resources and for the communication and delivery of select training programs.
- Developing a training website that includes a training calendar that allows employees to view and enroll in upcoming training opportunities.
- Developing an annual training plan. Assuming the responsibility for monitoring training opportunities and communicating them to smaller agencies and departments.

The City has not provided consistent training in the past due to a relatively low employee turnover rate. Currently, the influx of new managerial staff has necessitated more training, but budget cuts have limited the City's ability to respond to this need.

The development and implementation of a comprehensive management and employee training program will allow the City to properly train its personnel in accordance with each position's required skills and qualifications as described in the job description (See **Rec F.3**). Training will also provide management level employees with the most up to date management skills and techniques. Further, providing all management staff with the same level of training will ensure a general, consistent knowledge base among the City's management staff. Finally, exploring a training consortium with other public entities would lower the cost of trainings, assist in providing quality training opportunities, and demonstrate a commitment to a shared services approach.

F.3 Update job descriptions

The City of Elyria should update its job descriptions to ensure they are current and consistent with the required duties of each position. The City should also adopt a regular cycle (e.g. annually) for reviewing and modifying job descriptions to ensure they reflect current responsibilities, as well as the education, experience, and competency requirements for each position.

The City of Elyria lacks a formal process for updating its job descriptions. Although it does have a job description for every position, descriptions are outdated and may not reflect the current qualifications, status, and nature of the job. The EEO/ADA Director indicated that many of the job descriptions were last updated in 1997. Further, the Mayor indicated that the City is planning to develop a comprehensive training plan after it reviews and updates its job descriptions.

Performance Appraisal as an Employee Development Tool (Society for Human Resources Management (SHRM), 2002) states, “One of the critical human resource issues of the 21st century is an organization's ability to refine and develop mechanisms to provide meaningful job performance feedback to all employees. A positive and coherent understanding between the employee and supervisor as to what is acceptable job performance is essential for all employee and management work relationships to survive.” In addition, the article indicates that an “enhanced understanding of job expectations” can be accomplished through the use of job descriptions. All employees must understand what is expected of them in the performance of their jobs. Behavioral research data clearly indicates that many organizations continue to assume the employee knows what is expected without ever discussing expectations of the job to be performed.

Ensuring that job descriptions are regularly updated and sufficiently detailed would help the City better communicate the requirements of each job and provide a foundation for annual performance evaluations. Further, improved job descriptions will ensure that employees better understand the requirements of their respective positions, and will assist in feedback for future performance reviews. Potential and new employees will also benefit from enhanced job descriptions by better understanding the work, education, and skill sets required by the job prior to applying. Further, updating each position's required skills, knowledge, and education will allow the City to develop a more effective training and professional development plan for its employees.

G. Public Safety

Background

The City employed the McGrath consulting group in 2009 to make recommendations in relation to the management and operations for the City of Elyria Fire Department (CEFD). Due to the timing of the report release (July 2009), and the uncertainty of how the data was collected and analyzed, the auditors could not determine the reliability of data used. As a result, the Auditor of State Office conducted its own analysis.

The Safety Service Department is comprised of CEFD and the City of Elyria Police Department (CEPD). As a part of the performance audit of the City's Safety Services, the use of mutual aid was reviewed. This review did not yield a recommendation.

Fire Department Organization and Staffing

CEFD employs a total of 76 full-time equivalent (FTE) employees. **Table G-1** shows the classification of these employees by position for 2012.

Table G-1: CEFD Staffing by Position (2012)

Position Title	Number of Employees (FTE)
Fire Chief	1.0
Assistant Chief	3.0
Captain	6.0
Lieutenant	9.0
Firefighter Marshal	2.0
Training Officer	1.0
Firefighter A	30.0
Secretary	1.0
Mechanic	1.0
SAFER Grant Firefighter	22.0
Total	76.0

Source: City of Elyria Fire Department.

The Fire Chief and assistant chiefs are responsible for administering day-to-day operations of CEFD. In addition, the Fire Chief is responsible for developing Department orders, rules, operational guidelines, and the budget. Captains, Lieutenants and firefighters are responsible for hands-on provision of fire services. The City received a Staffing for Adequate Fire and Emergency Response (SAFER) grant in April 2010 and again in 2012 to offset layoffs that occurred in 2009. Finally, the administrative assistant and mechanic are responsible for supporting the operations of CEFD. See **Rec G.2** for further analysis of CEFD staffing and workload measures.

Currently, the City has a contract with a private ambulance company to provide EMS services to its citizens. In addition to the contract services, CEFD also acts as a first responder. When an EMS call is dispatched, the county calls the private EMS company first, then notifies CEFD. However, it is the opinion of the Law Director that the City is not legally required to provide either EMS services or first response. Therefore, the City should first decide if it wants to provide EMS services. If the City decides to continue to provide EMS services via contract, or through CEFD it should review the recommendations presented in **Rec G.1**.

Police Department Organization and Staffing

CEPD employs a total of 101.1 full-time equivalent (FTE) employees. **Table G-2** shows the classification of these employees by position for 2012.

Table G-2: CEPD Staffing by Position (2012)

Position Title	Number of Employees (FTE)
Chief	1.0
Lieutenant	5.0
Sergeant	12.0
Patrol	64.0
Communications	10.6
Civilian Support	7.8
IT	0.7
Total	101.1

Source: City of Elyria

- **Sworn Staff:** CEPD's 82 sworn police officer FTEs consist of a Chief of Police, 17.0 command staff FTEs (lieutenants and sergeants) and 64.0 police officer FTEs. The sworn staff is responsible for providing 24 hour patrol services throughout the City, responding to calls for service, performing criminal investigations, coordinating community outreach initiatives, and overseeing certain support functions such as technology management, police officer training and records management. In addition, the Chief of Police and Lieutenants are responsible for CEPD's administrative duties, including formulating departmental policies, engaging in planning (which includes staffing), developing budgets, managing personnel, and representing CEPD in external relations.
- **Civilian Support Staff:** CEPD's civilian support staff consists of 3.0 records clerk FTEs, 3.0 secretary/clerical FTEs, 1.0 building maintenance FTE, 0.7 IT support FTE and 0.8 part-time help FTEs. These individuals are responsible for providing services in support of CEPD's policing activities.

Communications Center: The Communications Center employs 10.55 FTEs who are responsible for taking calls and dispatching personnel and equipment for police services within the City limits.

Recommendations:

G.1 Decide how emergency medical services are to be provided

If the City decides to renegotiate the EMS contract, it should review the current contract to ensure the agreement adequately reflects the needs of its citizens. Once an agreement has been reached, the City should appoint an individual to oversee and monitor the private company and ensure all provisions in the agreement are met. Likewise, the City should decide if the CEFD will continue to provide first response services or if that will be the sole responsibility of the vendor. If CEFD is going to provide first response services, the City should negotiate to receive reimbursements for all first response expenses, including supplies, training, dispatch expenses, fuel and vehicle depreciation costs associated with EMS response. This can be accomplished thru monthly billing to the private vendor or a flat monthly fee.

If the City decides to pursue fire-based EMS, it should review and monitor current and future EMS operations. Likewise, the City should monitor staffing levels in relation to the loss of the SAFER Grant and additional capital expenses for in-house EMS start-up. Likewise, the City should ensure staffing levels do not negatively impact response times. Further, the City should evaluate the billing process for EMS transports and consider strategies to enforce collections. Lastly, the City should review Patient Protection and Affordable Care Act (PPACA) legislation and the potential effect of reduced Medicare reimbursements.

If the City changed the current CEFD organizational structure, job descriptions, pay structure and staffing levels to reflect the number of fire and EMS calls for service received, it could realize lower employee costs by creating separate Fire and EMS Departments.

The City of Elyria currently uses a private vendor to provide emergency medical services; however, there have been no modifications to the contract since 1996. The City entered into and signed the agreement on December 4, 1996, with a five-year term expiring on March 31, 2001, and continuing for successive one (1) year terms thereafter. Currently, no one at the City is assigned to oversee and monitor the private vendor to ensure compliance within the agreement. It should be noted that during the course of this audit, the City could not provide any documentation requiring it to provide emergency medical services to its citizens.

Looking ahead, the City will need to decide the means by which EMS services are to be provided to its residents. The City could decide to continue under a contractual arrangement, in which case it should negotiate a new contract with an appropriate provider. Alternatively, it could decide to provide EMS services through the Fire Department. Below is further analysis to assist the City in its decision. Lastly, the City could create separate EMS and Fire Departments.

Renegotiate EMS Contract:

CEFD has provided first response service for trauma (patient stabilization); however, it does not transport patients to the hospital. Further, because insurance only pays for the transport, CEFD

does not receive any reimbursement. Likewise, CEFD does not receive reimbursement when its supplies are used for patient stabilization. In addition, it does not have ambulances or SUV's to use for the first response service. Instead, it dispatches fire trucks, thereby reducing the longevity of these expensive vehicles. CEFD has 29 firefighters who are licensed for basic life support (BLS). The Department is also licensed by the state with basic certification for its paramedics and receives monthly training from Elyria Memorial Hospital.

According to the Secretary of State's Office in Oregon, contract administration is an important component of government contracting. Specifically, contract monitoring is the process by which the government agency oversees and checks the contractor's performance to ensure that it meets the desired performance standards. Basic contract monitoring functions include:

- Ensuring that the required obligations detailed in the contract are fulfilled; and
- Ensuring that acceptable levels of service or product quality are provided.

According to the *International Association of Firefighters Emergency Medical Services Privatization and Prehospital Emergency Medical Services, 1997*, before entering into any agreement with a private EMS provider, fire department officials must look critically at the proposal and petition the following:

- A mutually beneficial agreement – Any public/private agreement should yield a “win/win” situation for all parties involved. A partnership should not have the fire department providing resources without receiving something of equal value in return. Fire department officials should consider how the fire department can recover costs that benefit the private provider when negotiating a public private agreement, including the following costs:
 - Costs of medical equipment and supplies used on a patient prior to transport – All insurance billing for such items must be done in conjunction with transport. However, fire departments may bill private ambulance companies for such services.
 - Costs of initial training and continuing education for firefighter/EMTs and paramedics. These personnel frontload an EMS system and provide rapid response and on-scene care that is not reimbursed while the private company bills and collects revenue from transport. Large private ambulance corporations have made agreements to pay for these services.
 - Costs associated with providing emergency dispatch and communications.

By implementing contract management practices, the City can ensure the vendor adheres to the agreed upon reimbursements, fees, response times, and benchmarks. If the vendor fails to meet expectations, the City could enforce penalties for non-compliance. The financial implication of this recommendation will be determined by the contract negotiation process.

Fire-Based EMS:

The current EMS contract specifies that a full-time ambulance staffed with Advanced Life

Support (ALS) employees must be available at all times to provide ambulance services for the City. In addition to a full-time ambulance, the contract requires a stand-by ambulance. The stand-by ambulance is to be equipped and staffed exactly as the full-time ambulance and operators are to be available when called. In addition to the full-time and stand-by ambulances, the contract requires a backup ambulance. The backup ambulance is to be staffed with Basic Life Support (BLS) employees who are on call for dispatch into the City on an as needed basis. In summary, the contract requires 24-hour emergency ambulance service which provides the City with two full-time ambulances and one standby ambulance. The City of Elyria set an acceptable EMS response time of ten minutes. In 2011, the Fire Department's average EMS response time was 6:33 minutes, without patient transport. It is unclear whether CEFD would need additional employees to stay within the approved 10 minute response time if required to transport patients to the hospital.

In order for the City to provide a level of service comparable to the contractor, it would need to purchase a minimum of three ambulances. The cost of an ambulance can vary significantly depending upon specifications and model type. Using the cost per ambulance provided by the Fire Chief, if the City were to purchase ambulances and equip them with a heart monitor, each would cost approximately \$177,500, or \$532,500 for a fleet of three. Further, if CEFD needed to hire additional staff, each firefighter, including salary, benefits, pension and additional pay would cost approximately \$71,000 annually. Also, the City would have additional expenses for medical billing collections.

In 2009, the city of Cuyahoga Falls received 2,328 advanced life support (ALS) and 1,325 basic life support (BLS) calls. Also in 2009, Cuyahoga Falls collected \$1,282,035 in revenues. This equates to \$351 per transport when ALS and BLS transports are combined. However, to be conservative, the City of Mansfield was used as an example for the purpose of this analysis. In 2010, the City of Mansfield, which has demographics similar to Elyria, received \$922,601 in revenue for the transport of 4,433 EMS calls for services. This equates to \$208.12 per transport. Based on the City of Mansfield's actual revenue received and assuming a similar payment experience, the City of Elyria could potentially generate \$852,672 in revenue for EMS response and transport.

If the City decides to provide Fire-based EMS services, conservatively it could expect revenue of approximately \$208.12 per transport or \$852,672 annually. However with the purchase of capital assets amortized over a five year period, plus the additional expenditure to regain the current department strength of 74 FTEs, the City could expect expenditures of \$745,500, resulting in potential net revenue of \$107,172.

It should be noted that the minimum staffing level, suggested by the Fire Chief, once the SAFER grant expires would be 65 FTEs. Also, with the minimum staffing at 65 FTEs, the City would have the ability to operate 5 pieces of fire equipment at one time. When the grant expires, the department strength will be 52 FTEs. This analysis does not include the cost of an additional 13 FTEs the City will need to bring staffing levels from 52 FTE's to 65 FTE's.

The Patient Protection and Affordable Care Act (PPACA) was signed into Federal law in March 2010. Aspects of PPACA could have an impact on reimbursement for EMS services. According to the article: *Ambulance Billing and Reimbursement Update*, (Elsevier Public Safety and Jems

Magazine, 2010), PPACA will affect the Ambulance Inflation Factor (AIF) which in turn will change Medicare fee schedules. The new calculation of AIF will result in an average decrease in Medicare reimbursement of 1 percent per year. The net financial impact cannot be quantified with data available at this time.

Fire Department Structure Change:

It was noted during discussions with the City that it has the ability to change the organizational structure of the Fire Department when the SAFER grant expires. When the grant expires in June 2014, CEFD will lose funding for 22 Firefighter/EMT positions, bringing its total department strength from 74 to 52 FTEs. The City acknowledged that in 2011, CEFD responded to a total of 267 fire calls for service compared to 2,190 EMS calls for service.

G.2 Review staffing levels in the Fire Department

When the SAFER grant expires, the City should reduce the minimum manning per vehicle from 4 fire/EMS employees to 3 fire/EMS employees.

In April 2009, the City of Elyria laid off 10 firefighters. It laid off another 7 firefighters in September of that year due to a lack of general fund revenue. The City lost an additional 6 firefighters in 2009 due to attrition and also eliminated 10 command positions as a cost saving measure. In order to offset the loss of manpower, the City applied for the Staffing for Adequate Fire and Emergency Response grant (SAFER) that was provided by the Federal Emergency Management Agency (FEMA). The grant was created to provide funding directly to fire departments and volunteer firefighter interest organizations to help increase the number of trained "front line" firefighters available in their communities. The goal of the SAFER grant is to enhance local fire departments' ability to comply with staffing, response and operational standards established by the National Fire Protection Agency (NFPA) and Occupational Safety and Health Administration (OSHA). The City was awarded the SAFER grant in April 2010 and again in 2012. The grant provided funding for 23 firefighters; however, one grant-funded firefighter left the department in October 2013. As a result, there are only 22 grant-funded firefighters currently on staff.

In 2009, the City also closed fire station #2 due to its proximity to fire station #1 and used the closure as a cost reduction measure. When station #2 was closed, staff was not reduced, but reallocated staff to other fire stations. Staffing levels were not reduced because according to the standards set forth in NFPA section 1710, article 5.2.4.2.2; "each attack and backup line shall be operated by a minimum of two individuals to effectively and safely maintain the line." Therefore, without a waiver from FEMA, each vehicle dispatched to fire emergencies must be staffed with a minimum of 4 firefighters in fire departments awarded a SAFER grant.

During the course of this audit, the City reestablished 3 command positions through internal promotions to help offset overtime expenses from acting officer pay and also to provide additional supervision. The comparison between command positions and non-command positions is referred to as span of control and refers to the maximum number of personnel or activities that can be effectively supervised by one individual (usually 3-7). Most experts believe that the span of control should extend to no more than 5 people, or a ratio of 1:5, for fire

departments. This number can change depending on the assignment or the task to be completed. **Table G-3** shows operational and demographic workload measures compared to peer fire departments.

Table G-3: Operating & Demographic Data

	Elyria	Peer Average ¹	Percentage Difference
Population	54,553	53,537	1.9%
Square Miles	20.57	26.91	(23.6%)
Total Calls for Fire/EMS ²	2,457	4,049.33	(39.3%)
Total FTE Fire/EMS Staff	52.00	59.67	(12.8%)
ISO Rating	4.00	3.67	9.0%
Stations	3.00	4.67	(35.8%)
Minimum Shift Staffing	17.00	17.00	0.0%
Avg. Fire Response Time	5:18	5:11	2.3%
Avg. EMS response Time ³	6:33	5:18	23.6%
Fire/EMS Staff per 1,000 Citizens	0.95	1.14	(16.7%)
Calls per FTE Fire/EMS Staff	47.25	67.17	(29.7%)

Source: City of Elyria and Peers

¹ Peer average consists of the cities of Lorain, Mansfield and Middletown. The City of Fairfield operates with 18 full-time firefighters, 5 senior officers, and 44 part-time staff members. In 2010 the City of Cuyahoga Falls operated with 76 emergency medical technicians. The City of Fairfield and the City of Cuyahoga Falls did not respond to request for the operating data presented in the above table.

² Includes 267 Fire responses.

³ City of Lorain does not provide EMS to citizens. City of Elyria is first responder only, no transport.

Table G-3 shows that CEFD's ratio of fire/EMS per 1,000 citizens (0.95) is 16.4 percent lower than the peer average (1.14). Conversely, **Table G-3** shows that CEFD's employees handle fewer calls for service per fire/EMS FTE (47.25) than the peer average (67.17). Likewise, the CEFD's average response times for both fire (5:18 minutes) and EMS (6:33) are higher than the respective peer averages (5:11 and 5:18). The variances in average response times can be partially attributed to the distance CEFD must travel from each fire station.

Table G-4 shows fire station workload measures compared to the peer averages.

Table G-4: Station Operating Comparison

	Elyria	Peer Average ¹	Percentage Difference
Population	54,553	53,537	1.9%
Square Miles	20.57	26.91	(23.6%)
Stations	3.00	4.67	(35.7%)
Total FTE Fire/EMS Staff ¹	52.00	59.67	(12.8%)
Square Miles per Station	6.86	5.77	18.9%
Avg. Minimum Staffing per Shift per Station	5.67	3.64	55.6%
FTE Fire/EMS Staff per Station	17.33	12.79	35.6%

Source: City of Elyria and Peers with exception.

¹ Peer average consists of the cities of Lorain, Mansfield and Middletown. The City of Fairfield and City of Cuyahoga fall did not respond to request for the operating data presented in the above table.

Table G-4 shows that CEFD has fewer square miles to cover (20.6) compared to the peer average (26.9), but more square miles per station (6.9) than the peer average (5.8). However, CEFD operates from three fire stations compared to the peer average of 4.7 stations. CEFD has more employees per station (5.7) compared to the peer average (3.6) and significantly more staff per fire station (17.3) than the peer average (12.8).

CEFD's higher than average staffing per shift per station can be partially attributed to SAFER grant requirements. According to the Fire Chief, since the City consolidated fire stations, fire station #1 must have a minimum of 9 fire/EMS FTEs because that station houses a ladder truck, fire engine and a command vehicle. Fire Stations #3 and #4 must be manned with 4 fire/EMS FTEs. Based on the requirements from the SAFER Grant, a minimum of 4 fire/EMS FTEs must man each ladder and engine vehicle. The City could request a waiver from FEMA to bring its minimum manning down to 3 per vehicle.

The SAFER Grant will expire in June 2014. Currently, the grant provides Elyria with revenue to offset the cost of 22 firefighters. The loss of 22 firefighters would mean the CEFD would have 30 firefighters on staff or total department strength of 52 employees. In order for the City to maintain the minimum number of employees suggested by the Fire Chief to operate all three fire stations (15 employees per day), the City would experience additional costs of \$920,764 in salaries and benefits.

Table G-5 shows the minimum number of Fire employees required to work each day to maintain staffing levels recommended by the Fire Chief for all three fire stations under the current negotiated agreements. The table also shows minimum staffing numbers if the City is able to renegotiate its contract according to **Rec G.5**.

Table G-5: Fire Department Staffing Needs

Number of hours in one year	8,760
Number of Employees recommended per day by the Fire Chief	15.0
Total number of man hours needed	131,400
Minimum number of Firefighters needed ¹	65.1
Minimum number of Firefighters needed with contract negotiations ²	60.4
Current number of firefighters	74.0
Grant funded firefighters	22.0
Number of firefighters when grant expires in June 2014	52.0
Additional FTE staffing needs in June 2014-current contract	13.1
Additional FTE staffing needs in June 2014 under a renegotiated contract	8.4

Source: City of Elyria

¹ Minimum staffing was calculated by taking hours of duty and subtracting out Kelly days, Floating Holiday Time, Vacation days, Personal Days, Holidays and the 2 year average sick leave by department.

² Calculations were based on increasing hours of duty from a 50 hour work week to a 53 hour work week

According to the Chief, the Fire Department needs to maintain 15 employees per shift per day to keep all three fire stations open. Because the Fire Department works 24 hours a day, 365 days per year, it needs to be staffed for 131,400 man hours per year. Under the current contract, fire employees work 2,912 hours per year. However, when Kelly Days (see G.5 for discussion of Kelly Days) and Floating Holiday Time (312 hours), Vacation Days (144 hours), Personal Days (24 hours), Holidays (192 hours), and the average sick leave used over the past two years (221 hours) are subtracted, employees work 2,019 hours per year. In order to fill the required 131,400 hours per year, the Fire Department would need to maintain a staffing level of 65.1 FTEs. If the Fire Department renegotiated its contract as outlined in **Rec G.5**, the Department would require a staffing level of 60.4 FTEs.

Currently, the Fire Department employs 74 FTEs, including the Fire Chief (1), Assistant Chiefs (3), Captains (6), Lieutenants (9), Fire Marshal (2), Training Officer (1) and Firefighters (52). When the SAFER grant expires, the number of Firefighters will be reduced to 30 FTEs, or total department strength of 52 FTEs. In order to maintain staffing levels appropriate suggested by the Fire Chief to operate three fire stations, the City would need to allocate funding to replace 13.1 FTEs under the current negotiated contract or 8.4 FTEs if the City can renegotiate the IAFF contract.

G.3 Reduce Fire Department overtime.

Overtime costs are driven by language contained in the collective bargaining agreement regarding the process and circumstances by which employees are eligible for overtime, the City should work to modify these provisions in order to limit the cost of overtime.

In 2011, CEFD employees earned overtime at a rate of 6.0 percent of their regular pay minus longevity. During that year, the City paid \$245,636 in overtime to fire department employees. Acting officer pay accounted for \$148,608 in overtime costs, equating to 60.5 percent of total overtime expenses. **Table G-6** illustrates the total overtime cost, what percentage of total salary this overtime expense represents, and how much the city paid for employee longevity.

Table G-6: Overtime as percentage of Salaries

2011 Fire Department Salaries	\$4,121,286
2011 Fire Department Overtime	\$245,637
2011 Fire Department Longevity	\$584,975
2011 Fire Department Acting Officer Pay (OT)	\$148,608
Percent of Overtime with Acting Officer Pay	6.0%
Percent of Overtime w/o Acting Officer Pay	2.4%

Source: City of Elyria

Several additional factors have led to higher overtime costs. As discussed above, employees receive overtime for acting officer pay. Further, as discussed in **Rec G.5** overtime is based on 1.5 times employees' base rate of pay plus longevity. By reducing longevity provisions, the city could also reduce the cost of overtime.

In addition to the method and rate at which overtime is calculated, the negotiated agreements contain language regarding emergency call-in pay. Off-duty employees who are called in are

paid at the overtime rate for a minimum of four hours. They are then paid for actual time to the nearest tenth of an hour for all time beyond four hours, including meal time.

CEFD has incurred high overtime costs due to the provisions in the negotiated agreement that are not in the peer cities CBAs. Renegotiating these provisions within the collective bargaining agreements and reducing the hours of duty for fire employees could reduce overtime use and allow the City to redirect its resources to other functions.

Financial Implication: If the City could negotiate to change the practice of paying overtime to paying a fixed dollar amount as in the peer cities, a savings of \$145,361 could be achieved. (These savings are incorporated into **Rec G.5**)

G.4 Reduce Fire Department sick leave usage

The City should have formal policies that communicate specific sick leave expectations to employees, define patterns of abuse, and communicate potential disciplinary actions in order to reduce sick leave usage to an amount more consistent with the Department of Administrative Services (DAS) statewide average.

Table G-7 shows the percent of time absent from work by position for sick leave.

Table G-7: Percent of Time Absent from Work per Position for Sick Leave

Position	2010 ¹	2011	2012 ²	3-year average ³
Lieutenant	14.6%	5.5%	5.6%	8.5%
Firefighter A	6.0%	6.5%	6.9%	6.4%
Inspector	8.8%	4.4%	3.2%	5.7%
Captain	5.9%	3.3%	3.2%	4.1%
Assistant Chief	2.7%	3.8%	3.0%	3.2%
DAS Average	2.4%	2.8%	2.7%	2.6%
SAFER Grant Funded	0.6%	2.0%	2.2%	1.5%
Chief	0.9%	0.8%	0.6%	0.8%
Training Officer	0.0%	0.0%	0.0%	0.0%
Fire Marshal	0.0%	0.0%	0.0%	0.0%

Source: City of Elyria and DAS

¹ Removed (1) Captain, (2) Lieutenants and (2) Firefighters from analysis due to extended sick leave.

² Hours are based on 19 pay periods.

³ All extended sick leave hours were removed from the table above.

Below is a summary of CEFD employees' use of sick leave by position in comparison to DAS averages, using headcount as the denominator:

- **Lieutenant:** CEFD's Lieutenants were absent from work 5.5 percent of the time, compared to the DAS average of 2.8 percent in 2011. From 2010 through September 2012, Lieutenants were absent from work an average of 8.5 percent of the time, compared to the DAS average of 2.6 percent.
- **Firefighter:** CEFD's Firefighters were absent from work 6.5 percent of the time,

compared to the DAS average of 2.8 percent in 2011. From 2010 through September 2012, Firefighters were absent from work an average of 6.4 percent of the time, compared to the DAS average of 2.6 percent.

- **Fire Inspector:** CEFD's Fire Inspectors were absent from work an average of 4.4 percent of the time, compared to the DAS average of 2.8 percent. From 2010 through September 2012, Fire Inspectors were absent from work an average of 5.7 percent of the time, compared to the DAS average of 2.6 percent.
- **Captain:** CEFD's Captains were absent from work 3.3 percent of the time, compared to the DAS average of 2.8 percent in 2011. From 2010 through September 2012, Captains were absent from work an average of 4.1 percent of the time, compared to the DAS average of 2.6 percent.
- **Assistant Chief:** CEFD's Assistant Chiefs were absent from work 3.8 percent of the time, compared to the DAS average of 2.8 percent in 2011. From 2010 through September 2012, Assistant Chiefs were absent from work an average of 3.2 percent of the time, compared to the DAS average of 2.6 percent.
- **SAFER Grant Funded Firefighters:** CEFD's Safer Funded Firefighters were absent from work 2.0 percent of the time, compared to the DAS average of 2.8 percent in 2011. From 2010 through September 2012, the Safer Funded Firefighters were absent from work 1.5 percent of the time, compared to the DAS average of 2.6 percent.
- **Fire Chief:** CEFD's Chief was absent from work 0.8 percent of the time, compared to the DAS average of 2.8 percent in 2011. From 2010 through September 2012, the Fire Chief was absent from work an average of 0.8 percent of the time, compared to the DAS average of 2.6 percent.

Training Officer and Fire Marshall: CEFD's Training Officer and Fire Marshall were not absent from work in 2011. Likewise, from 2010 through September 2012, the individuals in these positions were not absent from work.

See **Rec E.5 Sick Leave Abuse: A Chronic Workplace Ill?** (International Personnel Management Association, 2002).

Because the City does not have a minimum manning requirement, employees are not called back to work to offset absenteeism. Therefore, a financial implication was not created because the City does not incur overtime costs as a result of sick leave use. However, because employees are not called in to cover for absentees, the City may be at an increased risk for inefficient service levels or increased response times.

G.5 The City should renegotiate select provisions contained in the International Association of Firefighters (IAFF) contract.

The City should attempt to negotiate a 53 hour work week or 2,756 hours per year. Doing so would eliminate the need for Kelly days and Floating Holiday Time. The City should also negotiate to reduce longevity payments to a level more comparable to the peers. Likewise, the City should negotiate to reduce or eliminate additional pay incentives for employees and reduce the dollar amount for uniform allowances to a level more comparable to the peers. Additionally, the City should not pay overtime for acting officer duty, but rather, increase employee's base rate by a dollar amount comparable to the

peers. Also, the City should reduce minimum call-in from four hours to three hours, an amount that is more consistent with the peers. Lastly, the City should review the language pertaining to education and decide if that is in the best interest of the City.

The City's Collective Bargaining Agreement with the Elyria Firefighters Local # 474 of the International Association of Firefighters was reviewed during this performance audit. The following provisions were identified as being more generous than the comparable benchmarks:

- **Hours of Duty:** The IAFF collective bargaining agreement (CBA) states that members of the CEFD shall work an average of 56 hours per week and 2,912 hours per year for the first two years of employment. Beginning in the third year of employment, the hours shall be an average of 52 hours per week and 2,704 hours per year. Beginning in the fourth year of employment, the work week shall be an average of fifty hours per week or 2,600 hours per year. All employees are paid based on a 2,912 hour per year work schedule (**See Kelly Days below**). The City of Fairfield's fire department works a 53 hour work week or 2,756 hours per year. The normal schedule for employees is no more than 9 tours per 28 day work cycle. By working this schedule, the City does not need to pay overtime for hours worked in excess of 212 hours per month and does not need to offer Kelly days to comply with the Fair Labor Standards Act.
- **Assigned Kelly and Floating Holiday Time (FHT):** The CBA states that: "each member assigned to a twenty-four (24) hour tour, 50-hr work schedule shall receive three hundred twelve (312) hours of "Kelly Day" time per year. Employees may schedule this time as a twenty-four (24) hour "Kelly Day," or choose to bank the time to their FHT total. The term "Kelly Day" refers to a day off given to firefighters in order to comply with the Fair Labor Standards Act. Without the Kelly Days, overtime would have to be paid to each firefighter each pay period when he or she works more than 212 hours in a 28 day period. By comparison, the Cities of Fairfield, Mansfield and Middletown do not mention Kelly days or Floating Holiday Time in their collective bargaining agreements. Likewise, these agreements contain no language that allows employees to schedule time off. Only management should have the authority to schedule time off.
- **Longevity Pay:** The IAFF CBA indicates that members of the bargaining unit shall receive a one percent salary increase for each year completed on the payroll following the completion of the employee's first anniversary date on the City payroll. The one percent increments due to longevity are limited to twenty percent (20%). In contrast, the City of Mansfield provides \$100 per year of service. Moreover, according to the IAFF CBAs for the Cities of Fairfield and Middletown, employees do not receive longevity payments.
- **Additional Pay:** The IAFF CBA states that each member of the bargaining unit that is a certified fire safety inspector shall receive a \$600 payment on the first pay period of each year. Likewise, any member who actively participates in a physical fitness program that is approved and authorized by the Fire Chief shall receive an additional \$500. Moreover, all 50 hour per week Class A firefighters with 5 years of service, who are qualified to operate Fire Department apparatus, and eligible for acting officer pay, shall

receive \$600. And lastly, employees who achieve and maintain the Confined Space Rescue Operations Certification shall receive \$750. Altogether, CEFD firefighters can receive up to \$2,450 in additional pay. In contrast, the City of Fairfield offers a \$225 incentive for perfect work attendance and the City of Mansfield does not offer additional pay incentives.

- **Uniform Allowance:** The IAFF CBA states that “effective on and after July, 1, 2011, each employee shall receive a clothing allowance of \$1,200 annually.” In contrast, the City of Fairfield only provides safety shoes for its firefighters at a cost of \$150 annually. Likewise, the City of Middletown pays each member of the bargaining unit the annual sum of \$100 for the maintenance of uniforms and \$200 for members of the fire prevention unit.
- **Acting Officer Pay:** The IAFF CBA states that members of the CEFD, when assigned to a higher rank than they normally hold, will receive 0.2 hours of overtime for each hour or more worked. If that employee works 2 or more hours, they will receive 0.4 hours of overtime. If that employee works 3 hours or more they will receive 0.5 hours of overtime. Likewise, if that employee works 4 hours or more, they will receive 0.7 hours of overtime and 0.9 hours of overtime for hours worked over 5. Lastly, if that employee works 6 hours or more in a rank higher than they normally hold, they will receive 1 hour of overtime. By comparison, when the Fire Chief in Fairfield appoints a non-rank employee to serve as a station supervisor, an additional one dollar is added to their base rate. Likewise if the Fire Chief appoints a lieutenant or non-rank employee to serve as acting Captain, an additional two dollars per hour is added to the employee’s base rate. Similarly, at the City of Mansfield, when a firefighter is required to perform the duties of a Captain or a Captain is required to perform the duties of an Assistant Chief for a period of at least 4 consecutive hours, they are paid an additional one dollar per hour. Lastly, the IAFF CBA in the City of Middletown states: “if an employee is scheduled to act in a higher position on a temporary basis for a period of 12 hours or more and satisfactorily performs the complete duties of that higher level position for a period of less than twelve hours, the employee shall be raised one step in pay for the time worked in such acting position.” The City of Elyria is the only one among the peers that pays overtime for acting officer duty.

Minimum Call-in: The IAFF CBA states that CEFD firefighters shall be paid at the overtime rate for a minimum of four hours and for actual time to the nearest tenth of an hour for all time in excess of four hours when called in for emergency service. In contrast, the Cities of Fairfield and Mansfield firefighters both receive a minimum of 3 hours of overtime pay when called back for emergencies or court appearances.

Financial Implication: If the City of Elyria could renegotiate its IAFF agreement to reduce the uniform allowance from \$1,200 per year to \$200 per year, making it more in line with peer data, it could reduce its expenditures by \$1000 per employee or \$74,000 annually. Likewise, if the City of Elyria could renegotiate its IAFF agreement to reduce additional pay incentives from a maximum of \$2,450 per employee to \$225 per employee, an amount comparable to the peers, it could reduce expenditures by \$104,725 annually. Moreover, if the City could negotiate to change the practice of paying overtime to paying a fixed dollar amount as in the peer cities, it

could have saved \$145,361 in 2011. If the City could negotiate all of these changes, it could save approximately \$324,086 annually.

G.6 Increase span of control in the Police Department.

The City should actively monitor police staffing levels in relation to crime rates, community expectations, and its financial condition. If the City's financial stability continues to decline, it could eliminate 2.0 full-time sergeant positions through retirement or attrition. This would result in a span of control consistent with best practices.

Table G-8 compares key operational data for CEPD to the peers.

Table G-8: 2011 Police Department Operational Data

	Elyria	Cuyahoga Falls	Fairfield	Lorain	Mansfield	Peer ¹ Average
Square Miles	20.57	25.65	21.00	23.67	30.87	25.30
Population	54,553	49,652	42,510	64,097	47,821	51,020
Police Ratios						
Officers per 1,000 Citizens	1.5	1.4	1.4	1.5	1.7	1.5
Calls for Service	42,140	29,657	37,258	33,235	35,613	33,941
Calls per Officer	514	417	621	357	451	461
Officers per Square Mile	4.0	2.8	2.9	3.9	2.6	3.0
Total Violent & Property Crimes ² per Officer	29.8	20.0	23.25	37.7	40.9	30.5
Violent & Property Crimes per 1,000 Citizens	44.8	28.7	32.8	54.7	67.6	46.0
Response Times ³ (Dispatch to Arrival)	7:00	6:31	5:08	4:14	N/A	5:17
Communications Staff Ratios						
Communications staff per 10,000 Citizens	1.9	2.9	2.5	1.6	2.7	2.4
Calls per FTE	3,994.3	2,078.1	3,449.8	3,323.5	2,739.5	2,897.7
Support Staff Ratios						
Support Staff per 10,000 Citizens	1.6	0.6	3.1	1.6	3.3	2.1

Source: City of Elyria, peers with exception, and the FBI.

¹ The City of Middletown did not provide data.

² The violent and property crimes are reported by the Federal Bureau of Investigation for 2010.

³ Response times of 3 cities (Cuyahoga Falls, Fairfield and Lorain) which do not include all calls for service.

The following presents a summary analysis of the staffing levels shown in **Table G-8**:

- **Police:** **Table G-8** shows that CEPD employs 1.5 sworn officers per 1,000 citizens, which is comparable to the peer average (1.5). **Table G-8** also shows that the number of

calls for service per officer (514) is higher than the peer average (461). Further, **Table G-8** shows that CEPD has 4.0 officers per square mile which is higher than the peer average (3.0). Finally, **Table G-8** shows that the City's total number of violent and property crimes per officer (29.8) is slightly lower than the peer average (30.5). The number of violent and property crimes per citizen (44.8) is also slightly lower than the peer average (46.0).

Collectively, this analysis shows that CEPD's staffing levels are reasonable when compared to the peers with similar populations. However, the analysis also shows that the City has some flexibility to adjust the staffing levels if its financial condition continues to decline. For example, the CEPD does not have civilian supervisor positions in its dispatch and records departments. Currently the sworn officer in charge is responsible for oversight of the dispatch operations and records department. While this strategy allows the City to employ fewer staff, it ties up higher paid officers performing non-police work.

- **Dispatch:** CEPD provides police dispatching services for the City of Elyria. CEPD's dispatch center is comprised of 8 full-time and 3 part-time employees for a total of 10.6 FTEs. **Table G-8** shows that CEPD's dispatch staffing levels are slightly lower than the peer average. Furthermore, because the dispatch center staffs at least two dispatch employees per shift with the exception of the day shift, regardless of call volume, it would be difficult for the City to make significant staffing changes without first modifying its operations. See **Rec G.10** for additional discussion related to the City's dispatch operations.
- **Support Staff:** CEPD employs 8.8 FTE support staff, comprising 3 full-time records clerks, 3 full-time secretaries, a full-time building maintenance employee, 1 full-time IT employee and a part-time parking enforcement employee. **Table G-8** shows that CEPD's support staffing levels equate to 1.6 FTEs per 10,000 citizens while the peer average is 2.1.

The article *Officers-per-Thousand: Formulas and Other Policy Myths* (International Association of Chiefs of Police, 2007) states variety of steps and recommended practices to help guide police staffing decisions. Also, the book *The Police in America* seventh edition (McGraw-Hill, 2011) indicates that the recommended span of control is one sergeant for every eight officers. Since the City currently employs 12 Sergeant FTEs, 64 Patrol FTEs and 18.35 civilian FTE personnel, the elimination of two Sergeant positions through retirement or attrition would result in a span of control of one sergeant for every eight employees.

Financial Implication: If the City eliminated two sergeant positions through retirement or attrition, the annual savings would be \$172,075 based on the current annual salary for the sergeant position plus pension and health insurance.

G.7 Renegotiate select provisions contained in the collective bargaining agreement with the City of Elyria Police Patrolmen's Association Contract (EPPA).

The City should negotiate to eliminate four defined holidays. Doing so would eliminate the need for overtime, holiday pay, compensatory time, and bring the City in line with its

peers. The City should also negotiate to reduce longevity payments and additional compensation to a level more consistent with the peers. Additionally, when acting officer pay is necessary, the City should increase the employee's base rate of pay by a dollar amount comparable to the peers. The City should also implement policies and place limits on sick leave and tuition reimbursement in order to reduce current and future liabilities related to these provisions.

The City's collective bargaining agreement (CBA) with the Elyria Police Patrolman's Association (EPPA) was reviewed during this performance audit. The following provisions were determined to be more generous than the comparable benchmarks:

- **Holidays:** The EPPA CBA states that all members are provided 15 paid holidays, three personal business days, the employee's birthday, as well as two half-days for New Year's Eve Day and Good Friday. Comparatively, the City of Mansfield provides its FOP members 11 paid holidays. Mansfield does not provide personal days or birthdays in its employee holidays. Further, Cuyahoga Falls and Fairfield do not provide their members with paid holidays for personal business or birthdays.
- **Premium Pay:** The EPPA CBA states that employees are entitled to 1.5 times their base rate of pay for overtime work. If an officer is called in on any holiday (except for Thanksgiving, Christmas, and New Year's Day) the officer is compensated at two times his base rate of pay. Officers that are called in on Christmas Day, Thanksgiving Day, or New Year's Day are compensated at three times their base rate of pay. Also, employees are allowed to pyramid premium pay. This means that an officer could collect acting officer pay and also earn holiday pay in addition to his base pay if he was called in on one of the three previously mentioned holidays. In contrast, officers in Cuyahoga Falls, Fairfield, and Mansfield are paid at 2.5 times their base rate of pay for all holidays. Further, Mansfield and Fairfield do not permit officers to pyramid premium pay.
- **Longevity:** The CBA states that the CEPD members of the bargaining unit shall receive a one percent salary increase for each year completed on the City payroll. The one percent increments due to longevity are limited to 20 percent. In contrast, the City of Middletown agreement states "In December of the calendar year of the attainment of the tenth anniversary and each calendar year thereafter through the fifteenth anniversary of employment, each member shall be eligible for one percent of their existing base salary as of November 30th of the year in which they are paid longevity." The City of Mansfield agreement states "Every employee covered by this Agreement shall receive for actual time spent as a regular full time employee of the City of Mansfield, One Hundred Dollars for each year of completed service. Moreover, according to the FOP CBA for the City of Fairfield, employees do not receive longevity payments.
- **Additional Pay:** According to the CBA, officers can earn additional pay through the following programs and benefits: Fitness Exam Benefit, College Incentive, Senior Patrol Officer Pay, and Firearms Qualification pay. The City of Fairfield agreement only provides attendance incentives, stating "Each permanent, full-time employee shall be paid an annual incentive award of \$225.00 if the employee achieves perfect work attendance." Finally, the City of Cuyahoga Falls provides a Fitness Incentive, giving

members \$100 for passing the exam, and \$50 for passing each of the exams six components. Thus, based on this review of collective bargaining agreements, the EPPA CBA provides significantly more pay incentives.

- **Tuition Reimbursement:** The CBA states that “The City shall reimburse all employees for any costs for books and tuition upon successful completion of courses or schooling taken in the field of Criminal Justice/Related Fields of study. Tuition reimbursement shall be calculated by the City using the following formula: Full reimbursement from Lorain Community College; and, all other colleges and universities will be reimbursed at a rate not to exceed \$253.00 per credit hour.” Comparatively, the Cities of Fairfield and Cuyahoga Falls do not have an educational reimbursement clause in their contracts, while the City of Mansfield allocates a maximum amount of \$10,000 for reimbursement to all bargaining unit members. Further, employees must attain either an “A” or “B” letter grade to claim full reimbursement, while the employee can claim 50 percent reimbursement with a “C.”
- **Acting Officer Pay:** The EPPA CBA states that members of the CEPD, when assigned to a higher rank than they normally hold, will receive 0.2 hours of overtime for one hour or more worked. If that employee works 2 or more hours, they will receive 0.4 hours of overtime. If that employee works 3 hours or more they will receive 0.5 hours of overtime. Likewise, if that employee works 4 hours or more, they will receive 0.7 hours of overtime and 0.9 hours of overtime for hours worked over 5. Lastly, if that employee works 6 hours or more in a rank higher than they normally hold, they will receive 1 hour of overtime. The City of Cuyahoga Falls CBA states that “Any patrolman placed in a position of working in the next higher rank will be paid the salary for said rank after eight consecutive days of working in said position.” The Cities of Fairfield and Middletown provide an increase in base pay for acting officer pay. The City of Elyria is the only one to pay overtime for acting officer pay.

Financial Implication: If the City of Elyria could renegotiate its CBA to reduce the number of defined holidays from 15 to 11, it could eliminate the costs related to providing overtime for employees working during these holidays. Further, negotiating to reduce addition pay incentive would assist in lowering these expenditures to the peer average. By eliminating the fitness incentive (\$4,500 savings), the firearms incentive (\$81,750 savings), and the senior officer pay incentive (\$45,405 savings), the City could save \$131,655 annually.

G.8 Reduce overtime in the Police Department

CEPD should consider hiring part-time patrolmen to cover half the overtime hours in the police department used for staffing shortages.

According to the Police Chief, much of the overtime accrued is contractual in nature. For example, court time, hold-overs and acting officer pay. However, despite the contractual obligations, CEPD has taken steps to decrease the amount of overtime. In the past, there was a two supervisor minimum for each shift in the operations/patrol division. CEPD reduced supervisor staffing to one. Likewise, the Department adjusts schedules for non-patrol positions in order to decrease overtime expenditures. Additional steps to reduce overtime include closing

the Narcotics Unit and reallocating staff to the drug task force. Nevertheless, in 2011, CEPD used 19,687 overtime hours, 9,449 of which were staffing related.

Financial Implication: An analysis was conducted to determine if hiring part-time officers would be an effective means for reducing overtime costs. To be conservative, if the CEPD hired part-time patrolmen to fill only half of the overtime hours (4,724 hours at a part time cost of \$114,858 in contrast to fulltime patrolmen cost of \$144,585) at a wage consistent with full-time patrolmen, the City could save \$29,000 in salaries per year while increasing the number of patrol officers on the streets.

G.9 Reduce sick leave usage in the Police Department

CEPD should continuously monitor sick leave use and establish policies to ensure that leave is not being abused. Further, reducing the Department's overtime usage (See Rec G.8) will help to ensure that it is not a factor contributing to the high use of sick leave.

Table G-9 shows the percent of time absent from work by position for sick leave.

Table G-9: Percent of Time Absent from Work by Position for Sick Leave

Position	2011	2012	2 year average ¹
Patrol	3.9%	4.0%	4.0%
Chief	2.7%	3.8%	3.2%
Patrol Levy	3.1%	2.8%	3.0%
FOP DAS Average	2.0%	2.1%	2.1%
Sergeant	1.9%	0.5%	1.7%
Lieutenant	2.0%	1.4%	1.2%

Source: City of Elyria and DAS

¹All extended sick leave hours were removed from the table above .

Below is a summary of the City of Elyria Police Department (CEPD) employees' use of sick leave by position in comparison to FOP averages using headcount as the denominator:

- **Patrol:** CEPD's Patrolmen were absent from work 3.9 percent of the time, compared to the FOP average of 2.0 percent in 2011. From 2011 through 2012, Patrolmen were absent from work an average of 4.0 percent of the time, compared to the FOP average of 2.1 percent.
- **Police Chief:** CEPD's Police Chief was absent from work 2.7 percent of the time, compared to the FOP average of 2.0 percent in 2011. From 2011 through 2012, the Police Chief position was absent from work an average of 4.0 percent of the time, compared to the FOP average of 2.1 percent.
- **Patrol Levy:** CEPD's levy funded Patrolmen were absent from work an average of 3.1 percent of the time, compared to the FOP average of 2.0 percent. From 2011 through 2012, levy funded Patrolmen were absent from work an average of 3.0 percent of the time, compared to the FOP average of 2.1 percent.
- **Sergeant:** CEPD's Sergeants were absent from work 1.9 percent of the time, compared to the FOP average of 2.0 percent in 2011. From 2011 through 2012, Sergeants were

absent from work an average of 1.7 percent of the time, compared to the FOP average of 2.1 percent.

- **Lieutenant:** CEPD's Lieutenants were absent from work 2.0 percent of the time, compared to the FOP average of 2.0 percent in 2011. From 2011 through 2012, Lieutenants were absent from work an average of 1.2 percent of the time, compared to the FOP average of 2.1 percent.

See **Rec E.5** (*Sick Leave Abuse: A Chronic Workplace Ill?* (International Personnel Management Association, 2012)).

G.10 Enter into a Joint Dispatch Agreements

The City should revise its accounting and timekeeping practices to determine the true cost of operating the Dispatch Center as well as the portion of costs and employee time that are attributable to the records department. Doing so will help the City evaluate the cost and benefits of current operations as well as the potential for future consolidations. The City should work with representatives from the County to determine potential cost-sharing arrangements, the status of CEPD's current dispatch employees and the disposition of equipment under the new arrangement. To aid in this effort, the City should review the findings and recommendations from the Communication Security, Reliability and Interoperability Council study.

The City employs 8 full-time and 3 part-time employees that are responsible for receiving and dispatching calls for the police department. The City does not separately track the cost of operating the Dispatch Center. Nevertheless, the salary and benefit costs for these employees equates to approximately \$578,400 annually, or \$13.30 per call for service in 2011, and \$13.88 in 2012. The Police Chief indicated the City is considering consolidating its dispatch operations with Lorain County. The City has begun the process of researching records management systems and is currently in talks with the larger jurisdictions around the City to address this issue.

CEPD processed 42140 calls for service in 2011 and 42,069 as of December 27, 2012. The City does not track the calls for service handled by the County. The City's current accounting and timekeeping practices prevent it from accurately determining the cost of providing dispatch services. For example, the City does not use separate cost centers to track police department and dispatch expenses. Rather, all dispatch employees, equipment, training and support costs are combined with the Police Department and reported as a single cost center. Furthermore, CEPD's dispatch employees provide a variety of additional services to the City when the records department is closed. These additional tasks include responding to the public's walk-in requests for information and police services using the lobby telephone; assuming duties within LEADS, including warrant confirmations; and entry and removal of towed, stolen and recovered vehicles. However, the City does not track the amount of time its dispatch employees spend providing these additional services.

The article *FCC Group ID's Center Consolidation Issues* (Dispatch Magazine On-Line, 2010) states that a working group of the Federal Communications Commission (FCC) has published a

report detailing the intricacies of consolidating public safety communications centers. One finding from this work group indicates that dispatch arrangements should be formalized through some sort of legal agreement that establishes strong and clear membership structures. The article goes on to state that "...the agreement can take many forms; the most important being that the agreement be clear, well defined, and should define major responsibilities, expectations and dispute resolution procedures." The article also notes that oftentimes, legislation is necessary in order to create a sustainable funding mechanism that meets personnel, technology and training requirements.

The Montgomery County Sheriff's Office began operating the Montgomery County Regional Dispatch Center (MCRDC) in March, 2009. At that time, the MCRDC provided dispatch services to 20 government agencies, with each signing a 20 year contract agreeing to fees of \$9.00 per call dispatched. In the article *Dispatch Center's Savings Touted* (Dayton Daily News, 2010), the Montgomery County Sheriff indicated that the \$9.00 fee is much less expensive for a community than establishing and maintaining its own dispatch center. The Montgomery County Sheriff also stated that "...overall, taxpayers will see a tremendous cost savings and there's less duplication in purchasing resources. As technology continues to improve, the necessary equipment keeps changing. We already have the equipment, so we are saving the taxpayers those upgrade costs."

If the City decides to continue operating the Dispatch Center in the current manner, it should use this information to negotiate formal agreements with Lorain County that define major responsibilities, expectations and dispute resolution procedures.

Financial Implication: By joining an efficient joint dispatch center, the City could save \$204,960 if it was able to reduce dispatch costs to \$9.00 per call based on 42,000 calls per year.

G.11 Adjust base salaries

The City should adjust base salaries for its Safety Service employees to a level more comparable to the peer average.

- **Police salaries (wages):** In 2011, the CEPD Lieutenant position had a base salary of \$67,956 compared to the peer average of \$85,107 for a difference of (\$17,151). Likewise, the 2011 CEPD Sergeant position had a base salary of \$59,351 compared to the peer average of \$74,620 for a difference of (\$15,269). Similarly, the CEPD Patrolman position had a maximum base salary of \$51,835 compared to the peer average of \$61,268 for a difference of (\$9,433). Lastly, the CEPD dispatch position had a maximum base salary of \$35,564 compared to the peer average of \$41,885 for a difference of (\$6,321).
- **Fire salaries (wages):** In 2011, the CEFD Captain position had a base salary of \$66,057 compared to the peer average of \$75,482 for a difference of (\$9,425). Likewise, the CEFD Lieutenant position had a base salary of \$57,945 compared to the peer average of \$71,953 for a difference of (\$14,008). Similarly, the CEFD Firefighter/EMT position had a maximum base salary of \$50,829 compared to the peer average of \$61,015 for a

difference of (\$10,186).

Base salary with longevity

The City of Elyria offers longevity at one percent for every year of service up to a maximum of twenty percent of base salary starting after the first year of service. For comparison purposes, this analysis shows the maximum base salary and longevity per position compared to the peers maximum base salary and longevity per position.

- **Police salaries plus longevity:** The CEPD's Lieutenant position has a maximum base salary of \$67,956 and a maximum longevity of \$13,591 for a total earning of \$81,907 compared to the peer average of \$86,570 for a difference of (\$4,663). Likewise, the CEPD's Sergeant position has a maximum base salary of \$59,351 and a maximum longevity of \$11,870 for a total earnings of \$71,221 compared to the peer average of \$75,897 for a difference of (\$4,676). The CEPD's Patrolman position has a maximum base salary of \$51,853 and a maximum longevity of \$10,367 for a total earnings of \$62,220 compared to the peer average of \$62,360 for a difference of (\$140). Lastly, the CEPD's Dispatch position has a maximum base salary of \$35,564 and a maximum longevity of \$7,113 for a total earnings of \$42,677 compared to the peer average of \$41,885 for a difference of \$792. It should be noted that none of the peers offer longevity for the Dispatch position.
- **Fire salaries plus longevity:** The CEFD's Captain position has a maximum base salary of \$66,507 and a maximum longevity of \$13,211 for a total earnings of \$79,718 compared to the peer average of \$76,673 for a difference of \$3,045. The CEFD's Lieutenant position has a maximum base salary of \$57,945 and a maximum longevity of \$11,589 for a total earnings of \$69,534 compared to the peer average of \$73,118 for a difference of (\$3,584). Lastly, the CEFD's Firefighter/EMT position has a maximum base salary of \$50,829 and a maximum longevity of \$10,166 for a total earnings of \$60,995 compared to the peer average of \$62,098 for a difference of (\$1,103).

Total Compensation:

The City of Elyria offers additional compensation for its Police and Fire employees other than longevity. For example, Police department employees receive additional compensation for firearm proficiency, physical fitness examination, senior officer pay, military leave and education reimbursements. Likewise, Fire department employees receive additional pay for physical fitness examination, apparatus bonus, confined space bonus, fire safety inspection bonus, and education reimbursements. Also, Fire Department employees have the ability to buy back unused sick leave. For comparison purposes, this analysis shows the maximum base salary, longevity, buybacks and additional compensation per position compared to the peers maximum base salary, longevity, buybacks and additional compensation per position.

- **Police total compensation:** CEPD's Lieutenant position has a maximum compensation of \$84,943 compared to the peer average of \$89,666 for a difference of (\$4,723). Likewise, CEPD's Sergeant position has a maximum compensation of \$74,578 compared to the peer average of \$78,813 for a difference of (\$4,235). CEPD's

Patrolmen position has a maximum compensation of \$65,771 compared to the peer average of \$65,063 for a difference of \$708. Lastly, CEPD's Dispatch position has a maximum compensation of \$42,677 compared to the peer average of \$41,885 for a difference of \$792.

- **Fire total compensation:** CEFD's Captain position has a maximum compensation of \$90,962 compared to the peer average of \$79,681 for a difference of \$11,281. The CEFD's Lieutenant position has a maximum compensation of \$78,020 compared to the peer average of \$75,972 for a difference of \$2,048. Lastly, the CEFD's Firefighter/EMT position has a maximum compensation of \$67,002 compared to the peer average of \$64,783 for a difference of \$2,219.

Financial Implication: If the City were to adjust the base salaries according to the peer averages times the number of the police positions the cost would be \$20,767; however, adjusting the base for fire positions according to the peer averages time the number of fire positions would save \$152,688, for net annual savings of \$131,921.

H. Community Services

Background

Health Department

There are three health departments in Lorain county, Lorain City Health Department (Lorain City HD), serving approximately 86,000 residents, Elyria City Health Department, (ECHD), serving approximately 54,000 residents, and Lorain County Health Department (Lorain County HD) serving the remainder of the county's approximately 301,000 residents. ECHD shares strategic planning with the Lorain City HD and the Lorain City HD contracts with ECHD for its medical director and health commissioner. In exchange, ECHD contracts with Lorain City HD for its director of nursing. Both ECHD and Lorain City HD retain separate environmental directors. The Lorain County HD is funded by a health levy and operates independently.

In November 2012, the voters in Elyria passed a Charter Amendment (Issue 52) allowing the City to be either a separate health district, combined health district, or contracted health district and giving it flexibility for future health district configurations.

Building Department

The City of Elyria Building Department's primary duty is to promote public safety through the regulation of construction. The department issues permits, enforces adopted building codes, and investigates property maintenance complaints. Since 2004, the Building Department has contracted with a vendor for software to track inspections, permits, appeals, and other relevant information. While the software allows others to access the database, it does not allow documents to be imported and is not able to integrate multiple departments' data. However, the Department will be upgrading its software in FY 2013 to include these features.

The Building Department currently employs 8.0 FTEs including: Chief Building Official (1.0 FTE); Secretaries (2.0 FTEs); Construction Inspectors (2.0 FTEs); Electrical Inspector (1.0 FTEs); Plumbing Inspector (1.0 FTEs); and two part-time Housing Inspectors (1.0 FTE). While the Department once employed as many as 17.0 FTE's, with 13.0 FTE Inspectors, it has lost staff over time due to layoffs. **Table H-1** illustrates the Building Department's staffing compared to the peers.

Table H-1: Building Department Staffing

	Elyria	Fairfield	Lorain	Mansfield	Middletown	Peer Average ¹
Population (2010)	54,533	42,510	64,097	47,821	48,694	50,781
Administrative Staff	1.0	0.5	1.0	1.0	0.0	0.6
Support Staff	2.0	1.0	1.0	1.0	1.0	1.0
Inspectors	5.0	2.5	4.2	3.0	1.0	2.7
Total Building Department FTE's	8.0	4.0	6.2	5.0	2.0	4.3
Permits Issued (2011)	2,353	1,787	5,303	181	484	1,939
Inspectors as % of Dept.	62.5%	62.5%	67.6%	60.0%	50.0%	62.1%
Ratio of Inspectors per Support FTE	2.5	2.5	4.2	3.0	1.0	2.7
Permits Issued per Support Staff FTE	1,177	1,787	5,303	181	484	1,939

Source: City of Elyria and Peers with exception.

¹ City of Cuyahoga Falls did not provide data.

As shown in **Table H-1**, the Building Department employs more total FTE's, Administrative FTE's, Support Staff FTE's, and Inspectors than the peer average. The department did issue more building permits than the peer average, although the number of building permits issued per support staff FTE was lower than the peer average. However, the ratio of inspectors per support FTE and inspectors as a percentage of the building department were consistent with the peer averages. The City was not able to produce information regarding the number of inspections it completed in FY 2011, thus a comparison to the peers could not be made.

Community Development

The City of Elyria Office of Community Development administers various community and economic development programs funded through the United States Department of Housing and Urban Development (HUD) and the Ohio Department of Development. Community and economic development programs include the Community Development Block Grant (CDBG), the Neighborhood Stabilization Program (NSP), and the Community Housing Improvement Program (CHIP). The department is also responsible for maintaining minimum housing standards, ensuring fair housing, as well as processing Design Review and Planning Commission applications.

The Office of Community Development is funded primarily by federal and state grants. During program year (PY) 2011, the office received 98 percent of its \$1,767,711 in revenue from grants. **Table H-2** illustrates the offices expenditures by grant (as well as general revenue funds) during PY's 2009-2012.

**Table H-2: Elyria Community Development Expenditures
(By program year and fund)**

	PY 2009	PY 2010	PY 2011	PY 2012
Community Development Block Grant (CDBG)	\$549,293	\$392,901	\$862,942	\$476,769
Community Development Block Grant-Recovery (CDBG-R)	\$0	\$149,355	\$30,379	\$0
Neighborhood Stabilization Program (NSP I)	\$536,213	\$1,265,774	\$490,630	\$220,372
Neighborhood Stabilization Program (NSP III)	\$0	\$0	\$26,444	\$142,012
Energy Efficiency and Conservation Block Grant (EECBG)	\$5,000	\$203,505	\$327,050	\$4,945
Community Housing Improvement Program (CHIP)	\$194,533	\$62,114	\$0	\$17,494
HUD Lead Hazard Control	\$0	\$0	\$0	\$83,852
Total Grant Expenditures	\$1,285,039	\$2,073,649	\$1,737,445	\$945,444
General Revenue Fund Expenditures	\$20,026	\$22,247	\$30,266	N/A
Total Expenditures	\$1,305,065	\$2,095,896	\$1,767,711	\$945,444
General Revenue Exp. as % of Total Exp.	1.5%	1.1%	1.7%	N/A

Source: City of Elyria Office of Community Development

As shown in **Table H-2**, the Office of Community Development received over 98 percent of its funding from federal and state grants during PY's 2009-2011. During PY's 2010-2012, the Office's total grant expenditures declined by 54.4 percent due to cuts in grant aid from state and federal sources. However, during these same years (PY's 2009-2011) the Office of Community Development met 69 percent, 60 percent, and 77 percent of its program targets, respectively.

The Office employs 5.16 FTEs, including Director (1.0 FTE); Assistant Director (1.0 FTE); Housing Inspector (1.0 FTE); Planner (1.0 FTE); Secretary (1.0 FTE); and Inspector (0.16 FTE). **Table H-3** compares the City's Community Development staffing to the peers.

Table H-3: 2011 Office of Community Development Staffing

	Elyria	Cuyahoga Falls	Lorain	Mansfield	Middletown	Peer Average ¹
Population	54,533	49,652	64,097	47,821	48,694	52,566
Poverty (Percentage)	16.8%	10.5%	31.3%	23.3%	21.4%	21.6%
Population (Below Poverty)	9,162	5,213	20,062	11,142	10,421	11,710
Housing Units	25,085	23,859	29,144	22,022	23,296	24,580
Program Goals Met or Exceeded (Percentage)	76.9%	50.0%	N/A	N/A	50.0%	50.0%
Total City FTE's	441.70	381.00	493.00	423.00	407.80	426.20
Community Development FTE's	5.16	9.00	16.00	6.00	5.80	9.45
Comm. Dev. FTE's per 1,000 citizens	0.09	0.18	0.29	0.13	0.12	0.18
Comm. Dev. FTE's per 1,000 citizens (poverty)	0.56	1.73	0.80	0.54	0.56	0.81
Comm. Dev. FTE's as a % of City Employees	1.2%	2.4%	3.2%	1.4%	1.4%	2.2%

Source: City of Elyria, Peers with exception, and U.S. Census Bureau

¹ City of Cuyahoga Falls did not provide data.

As shown in **Table H-3**, the City employs a lower number of FTEs per 1,000 citizens, as well as a lower number of FTEs per 1,000 citizens in poverty. Further, Community Development FTE's comprise 1.2 percent of the City's total employees compared to the peer average of 2.2 percent.

Engineering Department

The City of Elyria Engineering Department is responsible for the planning, design, construction management, and construction inspection (outside of building inspection) of all Public Works projects owned by the City. The Department also monitors compliance with many State and Federal regulations. The Department is responsible for traffic flow, traffic signals (aside from maintenance, which is done by Communications Department), street signs, and street lights. Further, the department is responsible for the following;

- **Sewer Inspection-** Inspects the installation, repair and operation of storm and sanitary sewers owned by the City and any connections to the main sanitary sewer.
- **Bridge Inspection-** Performs detailed inspections in accordance with the ODOT Manual of Bridge Inspection.
- **Permitting-** Issues permits for storm water activities, grading, new water connections,

new sanitary connections, and excavation in the tree lawn or street.

- **Storm Water-** works with Wastewater Pollution Control on Public Education, Public Participation and Pollution Prevention. In February 2008, Elyria City Council passed an ordinance addressing Illicit Discharges, Site Runoff and Post Construction Runoff. A permit from the City Engineer is now required for storm water management and Storm Water Pollution Prevention Plans at construction sites.

The Engineering Department currently employs 10.0 FTE's including, City Engineer (1.0 FTE), Assistant City Engineer (1.0 FTE), Project Engineers (2.0 FTEs), Project Coordinator (1.0 FTE), Inspectors (2.0 FTEs), Engineering Technician (1.0 FTE), Traffic Control Technician (1.0 FTE), and CAD/GIS Operator (1.0 FTE).

Cemeteries

The City of Elyria owns and operates three cemeteries. The cemeteries cover more than 108 acres of land. Brookdale Cemetery encompasses 90 acres of land, according to the Cemetery Supervisor, approximately 46 acres of which are developed. North Murray Ridge Cemetery consists of 2 acres, one of which is not developed. Ridgelawn Cemetery covers 14 acres and is fully developed.

The City employs 6.4 cemetery FTEs, a Manager and a Secretary (1.2 FTEs), a Foreman (1.0 FTE), a skilled maintenance employee (1.0 FTE), laborers (2.5 FTEs), and summer part-time laborers (0.7 FTEs). The employees are responsible for grave opening/closing, as well as grounds maintenance. A private company provides headstones. Of the peer cities used throughout this report, only Lorain and Cuyahoga Falls owned and operated cemeteries. The additional information was gathered from cities in Ohio that own and operate cemeteries. This information was used for staffing comparison purposes and is presented in **Table H-4**

Table H-4: Cemetery Staffing Comparison¹

	Elyria	Lorain	Cuyahoga Falls	Fostoria	Napoleon	Comparison Average	Difference	Variance
FTEs ²	6.40	2.50	1.48	1.47	1.70	1.79	4.61	258.0%
Acres	108.00	140.00	27.00	39.65	35.70	60.59	47.41	78.3%
Acres per FTE	16.88	56.00	18.24	26.97	21.00	30.55	(13.68)	(44.8%)
Burials 2011	142	125	125	74	69	98	44	44.5%
Burials per FTE	22.19	50.00	84.46	50.34	40.59	56.35	(34.16)	(60.6%)

Source: City of Elyria and comparable cities of Cuyahoga Falls, Fostoria, Lorain and Napoleon.

¹Peers other than Lorain and Cuyahoga Falls did not report cemetery operations. ²FTEs for Elyria as of August 2012 Peer FTEs 2011

Table H-4 shows that Elyria's cemetery FTEs completed 60 percent fewer burials and maintain 44 percent fewer acres than the peer average. Over the past five years, 2007 through 2011, the City's burials, cremations and lot sales decreased. In an effort to generate more revenue, the City increased cemetery rates in 2012 by approximately 26 percent, making them comparable to the rates in surrounding cemeteries.

Recommendations:

H.1 Consolidate operations to form a general health district.

Consolidate operations with Lorain City Health Department and eventually with Lorain County Health Department to form a general health district to reduce costs and leverage the economies of scale.

The Association of Ohio Health Commissioners/Health Policy Institute of Ohio called for health departments serving populations under 100,000 to consolidate. Ohio Administrative Code (OAC) § 3701-36-03 requires each health district to have a health commissioner, a nursing director and an environmental health director. Pursuant to Ohio Revised Code (ORC) § 3709.01 et. seq., a city and county can form a general health district.

Hancock County, Ohio Health Assessment Project (City of Findlay Board of Health and Hancock County Board of Health, 2003) states that 59 Ohio counties already have consolidated general health districts. Furthermore, the past two decades have seen a significant level of health service consolidation. *Beyond Boundaries: A Shared Services Action Plan for Ohio Schools and Governments*, (<http://beyondboundaries.ohio.gov/index.aspx>) was a 2012 shared services survey of Ohio schools, other educational service providers and local political subdivisions that examined the level of shared health services in Ohio. This study reports that in 1985, there were 153 local health departments in the State. Through mergers, the number had decreased to 126 by June 2012. The survey recognizes the City of Akron Health Department and the City of Barberton Health District that joined Summit County Health District, creating a united, countywide public health district. The consolidated district was awarded a 2011 Crown Communities Annual Excellence Award by *American City & County* magazine. This new district reported that through realignment of personnel and regionalization of inspections, food safety sanitarians increased the number of inspections from 170 to 300 per sanitarian, while licensing fees charged to restaurants were reduced.

The Elyria Health Commissioner said that both Lorain and Elyria had health departments under ORC §3709.01. In the meantime, the current health district grew from the many small communities in Lorain County. Based on an interview during the audit the commissioner stated that the commissioner is unaware of any attempt in the past to combine or close either of the two. She stated there has been collaboration around programs during the past 25 years.

Consolidation of the two city health departments into a joint health district would allow, at a minimum, the consolidation of the state-mandated environmental health director position and business manager position, and also accomplish synergies through contracting, grant writing, board liaison, education, specialization within tasks, and communications, etc. The fees charged by the two departments (based on actual expenses) vary significantly. The joint health district would have a single fee schedule, eliminating disparities and likely reducing the cost to permit holders due to reduced operating costs and economies of scale.

Financial Implication: Conservative savings from consolidation are estimated at \$67,000 (50 percent of the salary of Environmental director at \$68,000, and Business Manager at \$66,000).

H.2 Integrate the Building Department and Office of Community Development and eliminate 2.0 FTE positions

The City should integrate the Building Department with the Office of Community Development in order to form a comprehensive Economic Development Department focused on community revitalization, improvement, and public safety.

The Building Department and Office of Community Development share similar goals and objectives. While the Office of Community Development is funded mainly by federal and state grants, and the Building Department is funded by fees and general revenue funds, they share commonalities related to housing and development. Further, both are responsible for conducting housing inspections to promote either public safety or development. The Chief Building Official and the Director of the Office of Community Development stated that staffing was a major concern, as their respective departments did not have sufficient inspection staff. During FY 2011, both departments employed a combined total of 6.2 FTE inspectors.

Table H-5 compares the City of Elyria Building Department's staffing to the peers.

Table H-5: Building Department Staffing

	Elyria	Peer Average ¹
Population (2010)	54,533	50,781
Administrative Staff	1.0	0.6
Support Staff	2.0	1.0
Inspectors	5.0	2.7
Total Building Department FTE's	8.0	4.3
Permits Issued (2011)	2,353	1,939
Inspectors as % of Dept.	62.5%	62.1%
Ratio of Inspectors per Support FTE	2.5	2.7
Permits Issued per Support Staff FTE	1,177	1,939

Source: City of Elyria and Peers with exception

¹ City of Cuyahoga Falls did not provide data.

As shown in **Table H-5**, the Building Department employs more total FTEs than the peer average. Further, the Building Department issues fewer permits per support staff FTE. The City employs a comparable number of inspectors as a percentage of the department as well as a comparable ratio of inspectors to support FTE's. Thus, the department appears to be less efficient than the peers. The City could not provide the number of inspections performed during the year, so a comparison using these measures could not be made.

Table H-6 compares the staffing of the Office of Community Development to the peers.

**Table H-6: Office of Community Development Staffing Comparison
(FY 2011)**

	Elyria	Peer Average ¹
Population	54,533	52,566
Poverty (Percentage)	16.8%	21.6%
Population (Below Poverty)	9,162	11,710
Housing Units	25,085	24,580
Program Goals Met or Exceeded (Percentage)	76.9%	50.0%
Total City FTE's	441.70	426.20
Community Development FTE's	5.16	9.45
Comm. Dev. FTE's per 1,000 citizens	0.09	0.18
Comm. Dev. FTE's per 1,000 citizens (poverty)	0.56	0.81
Comm. Dev. FTE's as a % of City Employees	1.2%	2.2%

Source: City of Elyria, Peers with exception, and U.S. Census Bureau

¹ City of Fairfield did not provide data.

As shown in **Table H-6**, the Office of Community Development employs 4.3 fewer FTEs than the peers. Further, the department employs fewer FTEs per 1,000 citizens and FTEs per 1,000 citizens below the poverty line (as determined by the U.S. Census Bureau). The Office of Community Development employs 1.2 percent of the City's total FTEs compared to the peer average of 2.2 percent. The City of Lorain does appear to slightly skew the staffing data, since a portion of its 16.0 FTE's are involved with community development, economic development, as well as other community development activities.

The City of Middletown integrated its building department, office of community development, community center, municipal golf course, and transit system into one department -- the Department of Community Revitalization. According to the City's 2012 budget document, "The Department of Community Revitalization was created in 2008 to centralize city services that address the community's quality of life." Centralizing these departments allows for a shared staff, and a knowledge center to coalesce around a common mission. Further, staffing in each department is lower due to the sharing of administrators among divisions.

Integrating the City's Building Department and Office of Community Development into one department focused on community revitalization, improvement, and development would allow the City to better utilize its employees and improve efficiency. Centralizing the two departments will also assist by pooling knowledge and information, while improving the quality of service provided to customers.

Table H-7: Building and Community Development Cost Savings

	Cost
Base Salaries (2FTE's)	\$83,422
Longevity	\$13,682
Overtime	\$38
Benefits	\$32,229
Total	\$129,371

Source: City of Elyria

Financial Implication: Due to efficiencies gained from the integration of the departments, the City could save \$129,371 from the elimination of 2.0 FTE employees. In order to utilize these funds for community and economic development purposes, and to remain comparable to the peers, the City could add the position of Economic Development Department Director to the newly created department and reduce the saving or promote from within and retain the savings.

H.3 Reduce cemetery staffing

The City of Elyria should reduce cemetery staffing by 3 full time equivalent positions.

The City of Elyria owns and operates three cemeteries, Ridgelawn, Brookdale and North Murray Ridge cemeteries. The three cemeteries cover approximately 108 acres. The City of Elyria averaged 165 burials, 45 cremations, 148 lot sales, and an annual average of \$89,147 in receipts between 2007 and 2011. Between 2007 and 2011 burials decreased by 28 percent, cremations decreased by 4 percent and lot sales decreased by 29 percent.

The City of Elyria uses three funds to account for the operations of the cemeteries, the General Fund, the Cemetery Maintenance and Improvement Fund, and the Cemetery Trust Fund. The General Fund accounts for personal services, fringe benefits for full-time employees and indigent burials. The Cemetery Trust Fund is a non-expendable fund created for the perpetual care of the cemeteries. The City uses the Cemetery Maintenance and Improvement Fund for seasonal/part-time personal services, fringe benefits, operations and maintenance, and capital improvements. Interest income is normally deposited into the Maintenance and Improvement Fund; however, the City did not transfer interest in 2010 or 2011. A portion of the proceeds from each cemetery lot sold is transferred to the Maintenance and Improvement Fund and the Cemetery Trust Fund.

Charges for services generated from cemetery operation were less than the expenses incurred in 2011. The cost to the General Fund (subsidy by the General Fund) for cemetery operations was approximately \$173,000 in 2010 and approximately \$166,000 in 2011. The Cemetery Maintenance and Improvement Fund had a loss of approximately \$56,600 in 2010, and approximately \$60,000 in 2011. Therefore, the two funds incurred total losses of \$230,000 in 2010 and \$226,000 in 2011. In order to reduce the subsidy for cemetery operations from tax dollars, the City should consider the following:

Staffing: The City of Elyria currently has 6.4 FTE employees working in the Cemetery Department. The Department employs a manager and secretary (1.227 FTEs) and 8 other positions equating to 5.17 FTEs. **Table H-8** below shows a comparison of Elyria's cemetery staffing to the selected peer cities.

Table H-8: Cemetery Staffing Comparison¹

	Elyria	Lorain	Cuyahoga Falls	Fostoria	Napoleon	Comparison Average	Difference	Variance
FTEs²	6.40	2.50	1.48	1.47	1.70	1.79	4.61	258.0%
Acres	108.00	140.00	27.00	39.65	35.70	60.59	47.41	78.3%
Acres per FTE	16.88	56.00	18.24	26.97	21.00	30.55	(13.68)	(44.8%)
Burials 2011	142	125	125	74	69	98	44	44.5%
Burials per FTE	22.19	50.00	84.46	50.34	40.59	56.35	(34.16)	(60.6%)

Source: City of Elyria and cities listed.

¹Peers other than Lorain and Cuyahoga Falls did not report cemetery operations.

²FTEs for Elyria as of August 2012 Peer FTEs 2011

As illustrated in **Table H-8**, Elyria's cemetery employees managed approximately 44 percent fewer acres per FTE and completed approximately 60 percent fewer burials per FTE than the comparison group.

Rates: The City of Elyria's rates are comparable to the peer averages for most items. The City increased rates by an average of 26% in April 2012. **Table H-9** shows the City's cemetery rates compared to the City of Cuyahoga Falls and the City of Lorain.

Table H-9: Cemetery Rates

	Elyria	Peer Average ¹	Difference	Variance
Cost per Space Adult	\$800	\$563	\$238	42.2%
Cost per Space Child	\$350	\$200	\$150	75.0%
Opening/Closing Adult	\$750	\$300	\$450	150.0%
Opening/Closing Child	\$350	N/A	N/A	N/A
Internment Ashes	\$350	\$400	(\$50)	(12.5%)
Cremation Lot Space	\$350	\$250	\$100	40.0%
Disinterment Adult	\$1,500	\$900	\$600	66.7%
Disinterment Child	\$625	\$375	\$250	66.7%
Internment Adult	\$625	\$550	\$75	13.6%
Internment Child	\$275	\$250	\$25	10.0%
Opening/Closing Crypt	\$125	N/A	N/A	N/A
Indigent Graves(Land)-Child	\$125	N/A	N/A	N/A
Indigent Graves (Land) - Adult	\$150	N/A	N/A	N/A
Indigent Opening/Closing Adult	\$175	N/A	N/A	N/A
Indigent Opening/Closing Child	\$125	N/A	N/A	N/A
Tent-Adult/Child	\$150	\$150	\$0	0.0%
Chapel/Service for Adult/Child	\$75	\$200	(\$125)	(62.5%)
Chapel/Showing & Service Adult/Child	\$175	\$200	(\$25)	(12.5%)
Vase setting	\$15	\$40	(\$25)	(62.5%)
Transfer Charge	\$15	\$50	(\$35)	(70.0%)
Foundation/Stone Setting	\$200	\$65	\$135	207.7%
Foundation/Stone Setting Veterans	\$90	\$50	\$40	80.0%
Replace/Reset Headstone	\$90	N/A	N/A	N/A
Brookdale Family	\$25	N/A	N/A	N/A
Setting Corner Post	\$15	N/A	N/A	N/A
Saturday Service	\$800	\$350	\$450	128.6%
Holiday Service	\$1,200	\$300	\$900	300.0%
Addl. fee for services after 2:45PM	\$125	\$250	(\$125)	(50.0%)

Source: City of Elyria and Peers with exception

¹ Peer average includes City of Lorain and the City of Cuyahoga Falls due to proximity to Elyria.

Table H-9 shows that most of the City's rates are higher than the peer averages. Elyria's rates for interment of ashes, chapel service for an adult or child, chapel showing and service for adult or child, vase setting, transfer charge and additional fees for late services are lower than the peer average. Although some fees are lower than the peer average, many are significantly higher.

If the City wishes to eliminate the remaining subsidy from the General Fund after staffing reductions are taken into consideration, the City could transfer cemetery duties to the Streets Department. If the City employed a part time sexton to oversee cemetery operations, and assigned streets department employees to maintain the cemeteries, there would be an additional cost savings. The additional savings could not be quantified due to the absence of workload measures.

Financial Implication: If the City of Elyria reduced staffing by eliminating 3.0 FTE positions based on the number of acres per FTE and burials per FTE, the City would realize cost savings

of approximately \$158,000. This reduction in FTEs would reduce the subsidy from the general fund to \$68,380.

H.4 Reduce staffing in the Engineering Department.

The City should eliminate 2.0 FTEs in the Engineering Department to bring its staffing levels in line with peer cities and operational benchmarks.

According to the City Engineer, the City of Elyria employs 10.0 FTEs in its Engineering Department, a decrease of 1.0 FTE from FY 2011. In FY 2012, the Engineering Department expended approximately \$653,108 on salaries. However, due to the City's system of charging work back to specific funds, the Department only expended \$102,194 on personal services, benefits, and operating equipment from the General Fund.

Table H-10 illustrates the Engineering Department's staffing level in comparison to the peers.

Table H-10: City of Elyria Engineering Department Staffing Analysis

	Elyria (2011)	Elyria (2012)	Peer Average
Total FTE's (2012)	11.0	10.0	6.7
Population	54,533	54,533	50,555
FTE's per 1,000 citizens	0.20	0.18	0.14
Square Miles	20.57	20.57	25.5
FTE's per Square Mile	0.5	0.5	0.3
Square Miles per FTE	1.9	2.1	4.0
Lane Miles	485	485	350
Lane Miles per FTE	44.1	48.5	55.5
Density Persons/Sq Mile	2,651	2,651	2,017
Miles of Water/Sewer Lines	415	415	480
Miles of Water/Sanitary Lines Per FTE	37.7	41.5	71.6

Source: City of Elyria, Peers, and U.S. Census Bureau

As illustrated in **Table H-10**, the Engineering Department is overstaffed compared to the peer average, as the City employs 0.18 FTEs per 1,000 citizens compared to the peer average of 0.14 FTEs per 1,000 citizens. Further, while the City maintains more lane miles, the Engineering Department oversees fewer lane miles per department FTE than the peers. The City also employs more total FTEs than the peers, despite maintaining fewer water and sewer lines than the peers and also encompassing fewer square miles. While the department employs more staff than the peers, the City Engineer stated that the department does most of its work through paper-based processes, although the department is purchasing tablet computers to make some processes more efficient. The Engineer also stated that complaints are filed on paper, but the department is beginning to utilize spreadsheets to make compiling information more efficient. **Table H-11** provides an estimated savings associated with the elimination of 2.0 Engineering FTEs.

Table H-11: Engineering Department Cost Savings

	Cost
Base Salaries (2 FTE's)	\$82,416.05
Longevity	\$10,294.23
Overtime	\$5,567.82
Benefits	\$24,338.16
Total	\$122,616.26

Source: City of Elyria

Financial Implication: As shown in **Table H-11**, the City could save approximately \$122,616 by reducing its engineering staff by 2.0 FTEs. The estimated savings are based on the lowest hourly rate and average overtime based on the Engineering Department's FY 2012 overtime usage. Reducing the Engineering Department's staff by 2.0 FTEs would make the department's staffing more comparable to the peer average and operational statistics.

I. Central Operations

Background

This section of the performance audit focuses on central maintenance, communications and facilities in the City of Elyria (or the City), including assessments of policies, practices and operations. The City's operations were evaluated and compared to leading practices, operational standards, and selected peer Cities. Leading practices and operational standards were derived from the Government Finance Officers Association (GFOA), the National League of Cities (NLC), the International City/County Management Association (ICMA), and the American Public Works Administration (APWA).

Central Maintenance

The City of Elyria operates a central maintenance garage that employs 13 full time equivalents (FTEs) who are responsible for maintenance and repairs to all City owned vehicles and equipment with the exception of the fire department and wastewater treatment plant. The fire department and wastewater treatment plant employ their own mechanics. In 2010, the City purchased a new fleet of sanitation vehicles. With the new fleet, employees were able to spend more time on preventive maintenance to vehicles and equipment instead of repairs. With newer vehicles still under warranty, the City will use the dealership for preventive maintenance and repairs.

Communications

The City of Elyria operates a Communications department that employs 6 FTEs who are responsible for maintaining all traffic lights, street lights, intersection lights, vehicle emergency lights, cell phones and two way radios. In 2007, the City changed all traffic lights to light emitting diodes (LED). The upgrade to the traffic lights has reduced the amount of time employees spend working on traffic light related repairs.

Central Facilities

The City of Elyria has two employees dedicated to cleaning City Hall, Municipal Court and the Police Station. All other City owned buildings are cleaned and maintained by the staff members who work there. The City is in the process of taking inventory of all heating, ventilation, cooling and air conditioning units and seeking bids for the repair and maintenance of this equipment.

Recommendations:

I.1 Develop Workload Measures and Training for Communications Department

The City should develop workload measures to determine the effectiveness of its employees. Likewise, the City should track and monitor employee time spent working on specific projects as well as project expenses to budget for future needs.

The City of Elyria Communications Department (CECD) maintains all radio and cell phone equipment in the City. Likewise, CECD maintains all traffic lights, intersection lights, streetlights, and emergency lights on vehicles and provides all wiring needs for the City with the exception of the wastewater treatment plant. In 2007, the CECD changed all conventional lighting to light-emitting diodes (LED). Currently, the City employs three communications technicians, two electricians and one superintendent. CECD does not have a formal staffing plan or benchmarks to determine workload measures for its employees. Likewise, the City does not have formal policies or standard procedures in the Department. Also, CECD does not track performance metric data to determine efficiencies within the department. Lastly, there is no formal process for tracking work orders. When CECD receives work orders, they come in a variety of forms such as phone calls, text messages, emails and written notifications. When the department completes a work order, no records are kept regarding time spent on the project or material costs. See **Section B** for more information regarding technology.

CECD does provide on the job training to its employees, but it does not have a formal training program. According to the article *Training Today* (Business and Legal Resources, 2013) employee training is important because it can educate employees about effective use of technology, promote safety for employees, create opportunities for career development and personal growth, educate employees to comply with laws and regulations, and increase productivity.

According to *Local Government Center* (Performance Measurement, Benchmarking and outcome-based budgeting for Wisconsin local government, Alan Probst, 2007) the decision whether or not to adopt a performance measurement system is purely a local one. Some local governments may need a full performance measurement program, some may only need a minimal program, and others may feel they are doing fine without such a program, but performance measurement programs remain a ready tool if needed. A properly implemented performance measurement system can provide the data necessary to identify strengths and challenges in local government programs so those programs can be adjusted to perform at acceptable levels, thus saving scarce resources and improving citizen satisfaction.

Also, *Improving Performance and Accountability in Government*, (Reason Public Policy Institute, Geoffrey Segal and Adam Summers, 2002) states: There are many reasons why performance measurement has become an essential management tool. Some of them are:

- Greater ability to focus on core missions and competencies;
- Increased civic discourse and engagement;
- Increased accountability and efficiency;
- More effective mandates and quality controls; and
- Informed policy discussions.

The article goes on to state that in order for performance-measurement systems to work, several different types of data need to be collected. In the absence of a single overriding metric such as

earnings or shareholder value, governments and their citizens need to look at five different types of data to get the total picture. The five main categories are:

- Input indicators;
- Output/workload indicators;
- Intermediate outcomes;
- End outcome/effectiveness indicators; and
- Explanatory information.

Currently, CECD does not track performance measures or provide formal trainings to its employees. As a result, it cannot define strategies to increase efficiency and effectiveness in the Department.

I.2 Develop a formal capital budget, capital improvement plan, and preventive maintenance plan

The City should establish a formal preventive maintenance (PM) plan, capital improvement plan and capital budget for all buildings. The plans should ensure that all necessary repairs, equipment replacement, and routine maintenance are completed as recommended by the manufacturer. The City should also purchase a computerized maintenance management system (CMMS) that has the ability to track inventory, work orders, inspections and requisitions and workload information. When making the purchase, the City should ensure the vendor provides City employees with appropriate training so that all functions are used to the fullest extent possible.

The City of Elyria does not have a formal capital improvement plan. However, in 2008, the City requested an independent study to address its enterprise infrastructure needs. As a result of the study, the City has performed capital improvements to enterprise facilities and infrastructure by implementing rate increases for its water and sanitation sewer services. Likewise, the City has started to take inventory of all heating, ventilation, and air conditioning units (HVAC) throughout the City for the purpose of identifying work to be contracted. However, the City has not developed a formal preventive maintenance plan to address its facilities and infrastructure needs for departments in the general fund. Likewise, the City does not have a formal capital planning and budgeting process.

According to the article: *Revamp your Preventive Maintenance for 2009* (Stamats Media Inc., 2009), every preventive maintenance program should start with a thorough facility inventory, including basic information on conditions, systems, components and equipment. The article goes on to say that by utilizing computerized maintenance management systems (CMMS) the entity can track inventory, work orders, inspections and requisitions from one source. Lastly, the entity should get everyone involved and identify employees who have the skills needed to address issues.

According to *Recommended Practice: Capital Project Budget*, (Government Finance Officers Association Capital Project Budget, March, 2007), a capital budgeting process for buildings, infrastructure, technology and major equipment is the foundation for providing services to constituents. The procurement, construction and maintenance of capital assets are a critical

activity of state and local governments which serve current and future generations. It is difficult for local governments to address current and long-term needs without a sound multi-year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options and operational budget impacts. The first step in capital planning is identifying needs. Using information such as development projections, strategic plans, comprehensive plans, facility master plans, regional plans, and citizen input processes, governments should identify present and future service needs that require capital infrastructure or equipment. In this process, attention should be given to:

- Capital assets that require repair, maintenance, or replacement that, if not addressed, will result in higher costs in future years;
- Infrastructure improvements needed to support new development or redevelopment;
- Projects with revenue-generating potential;
- Improvements that support economic development; and
- Changes in policy or community needs.

The City has allowed individual departments to determine the level of preventive maintenance activities performed on buildings and has not had a formal preventive maintenance plan or capital improvement plan. Without a formal capital budget, capital improvement plan and formal preventive maintenance plan, the City could face costly, but avoidable repairs. By preventing these occurrences, the City could reduce maintenance costs and keep capital and infrastructure working efficiently for a longer period of time.

Financial Implication: It is estimated that a CMMS will cost approximately \$1,000 annually, based on one vendor's advertised price. However, the exact price will depend on the features desired by the City and the contract terms negotiated with the vendor.

I.3 Define fleet management responsibilities

The City should develop metrics to determine which equipment needs replacement as well as a formal preventive maintenance plan. Likewise, the City should develop a formal purchasing policy for all new equipment and budget for future capital equipment needs. Lastly, the City should centralize all fleet management responsibilities (insurance, tags, inventory, miles, hours, new purchases, budgeting) and assign them to one employee.

The City of Elyria does not have a formal policy in place for maintaining its fleet. Likewise, it does not have a formal process to budget for vehicle replacement. Moreover, the City does not have a formal policy for identifying all of its fleet assets and does not have a formal fleet manager. Currently, the City fixes equipment on an as-needed basis, meaning it does not know when a piece of equipment is likely to fail. With this approach, there is great uncertainty when budgeting for equipment. As a result, the City could be experiencing additional costs for repair and replacement of older equipment that could be avoided with proper planning.

According to *Do you need a Fleet Manager* (Cat Products: Fleet Management, Caterpillar 2012), a fleet manager is needed when an organization begins to practice the "fix when fail" approach with heavy equipment. According to the *Top Ten Measures for Fleet Managers* (American Public Works Association, September 2002), having a fleet maintenance manual or

software tracking system that alerts the operator and fleet management when essential service is due. The article goes on to say that “a preventive maintenance schedule is dependent upon equipment manufacturer recommended intervals, in conjunction with severity of use, which can impact the cost per mile by increasing the life cycle of the unit and reduce repair costs by early projection” *Vehicle Replacement Planning 101; A Key to Meeting Challenges on the Road Ahead* (International City Managers Association November, 2002), states that by using a timed or mileage based planning criteria, current purchase prices and expected rates of inflation, one can determine when replacement will come due and how much that acquisition will cost. The first step is to establish a set of planning criteria for determining when to replace each piece of capital equipment, followed by establishing a vehicle inventory list that incorporates the data elements required for replacement projections. *City Practices Number 66* (National League of Cities, September, 2010), states that “a standard city replacement schedule charts when new equipment is to be purchased, based on age or miles. Once purchased, the city “rents” the needed equipment from the city.” This approach puts money back into a fund to purchase replacement equipment, eliminating unexpected purchases and avoiding unplanned financial burdens.

J. Enterprise Functions

Background

Business Type Activities Background

This section of the report focuses on the operations of the City of Elyria's Enterprise Funds and Streets Department. Processes were reviewed, evaluated, and compared with leading practices, industry benchmarks, operational standards, and peer cities. The City has several enterprise funds including, Sanitation, Water Distribution, Water Pumping, Wastewater, and Special parks and Recreation Fund. This section will also cover the Streets Department.

Refuse

The City of Elyria offers residential, commercial and recycling services to 16,385 residential and 155 commercial customers. The City also provides bulk and brush pick-up services to citizens. The City has outstanding debt of \$3,100,000 for the purchase of 5 new garbage trucks with automated arms, and 3 new recycling trucks in 2010. In 2011, the City of Elyria's Sanitation Department reported an operating loss of \$1,071,623 (see J.1).

In addition to the curbside bulk services provided to the residential customers. Elyria also provides citizens with a 40 yard dumpster for bulk items serviced by a private company. The dumpster costs the City approximately \$23,645 annually.

Water

The City of Elyria has a water pumping plant located in the City of Lorain that draws water from Lake Erie. The plant provides water to the citizens of Elyria as well as surrounding cities and townships. **Table J-1** below shows a comparison of the City's water operating income to the peers.

Table J-1: Water Revenues and Expenses Comparison

	CAFR Year	Revenues	Expenses	Operating Income (Loss)
Elyria	2011	\$8,718,426	\$7,020,086	\$1,698,340
Mansfield	2011	\$9,423,857	\$6,057,131	\$3,366,726
Cuyahoga Falls	2011	\$5,401,541	\$4,144,762	\$1,256,779
Lorain	2011	\$8,019,772	\$6,585,802	\$1,433,970
Fairfield	2011	\$3,863,822	\$4,567,990	(\$704,168)
Middletown	2011	\$6,889,286	\$6,342,363	(\$546,923)
Peer Average		\$6,719,656	\$5,539,610	\$1,180,046
Difference		\$1,998,770	\$1,480,476	\$518,294
Variance		29.7%	26.7%	43.9%

Source: Elyria and Peer CAFRs

An analysis of the City's operations showed that the Water function had a profit of approximately \$1,700,000 in 2011. The profit was approximately \$518,000 or 43.9 percent greater than the peer average.

The City's water pumping plant has a total of 30.2 FTEs who are responsible for pumping water from Lake Erie, treating it, and distributing it to citizens. The water pumping plant treats and pumps approximately 12.11 million gallons per day to approximately 19,200 customers. **Table J-2** shows a comparison of the City's water treatment staff to the peer average.

Table J-2: City of Elyria Water Staffing

	Elyria	Peer Average ¹	Difference	Variance
Administrative	5.0	3.0	2.0	66.7%
Plant Maintenance	7.2	2.3	4.9	208.5%
Laboratory	1.0	1.0	0.0	0.0%
Operations	9.0	5.7	3.3	58.8%
Line Maintenance	7.0	12.0	(5.0)	(41.7%)
Hazardous Waste Drivers	2.0	N/A	N/A	N/A
Total	30.2	24.0	6.2	25.8%

Source: City of Elyria Payroll and Peers with exception

¹ Peers include Cuyahoga Falls, Fairfield and Mansfield. Lorain and Middletown did not provide data.

As illustrated in **Table J-2** above, the City of Elyria's water distribution and water treatment operation has a total of 30.2 FTEs, while the peer average is 24.0 FTEs, the City of Elyria has 25.8 percent more FTEs than the peer average.

Elyria's City Council passed water rate increases through 2028 in an effort to cover capital project costs in the future. The City's water rates were compared to the 2010 Sewer and Water Rate Survey completed by the Environmental Protection Agency (EPA). **Table J-3** shows annual rates for 2009 through 2012 compared to the EPA.

Table J-3: Water Rates Comparisons

	2009	2010	2011	2012
Elyria	\$267.24	\$302.28	\$351.84	\$406.80
EPA Survey	\$484.00	\$503.00	N/A	N/A
Difference	(\$200.72)	(\$216.76)	N/A	N/A
Variance	(44.8%)	(39.9%)	N/A	N/A

Sources: 2010 EPA Survey and Elyria Ordinances

In 2009 the City's rates were \$200.72, or 45 percent lower than the EPA average. Similarly, in 2010 Elyria's rates were \$216.76, or 40 percent lower. Overall, the City's water rates are significantly lower than the EPA survey. The City will need to review rates as capital projects continue in order to ensure costs are covered.

Wastewater Pollution Control Department

Elyria has a Wastewater Treatment Plant located within the City. The Plant treats approximately 2,880 million gallons per year, and services approximately 19,036 customers. **Table J-4** below shows a comparison of the City's wastewater operating income compared to the peers.

Table J-4: Sewer Revenues and Expenses Comparison

	CAFR Year	Revenues	Expenses	Operating Income (Loss)
Elyria	2011	\$10,830,590	\$10,615,352	\$215,238
Mansfield	2011	\$8,219,010	\$8,339,930	(\$120,920)
Cuyahoga Falls	2011	\$6,231,058	\$6,215,572	\$15,486
Lorain	2011	\$14,057,496	\$12,125,343	\$1,932,153
Fairfield	2011	\$5,234,791	\$4,704,417	\$530,374
Middletown	2011	\$8,150,282	\$6,841,643	\$1,308,639
Peer Average		\$8,378,527	\$7,645,381	\$733,146
Difference		\$2,452,063	\$3,236,825	(\$517,908)
Variance		29.3%	43.9%	(70.6)%

Sources: Elyria and Peer CAFR

An analysis of the City's Wastewater function showed a profit of approximately \$215,000 in 2011. Elyria's Wastewater Department profit is approximately \$518,000 or 70.6 percent less than the peer average, however, the Department is profitable.

The Wastewater Department has a total of 57 FTEs who are responsible for the operation and maintenance of the wastewater plant, sanitary and storm sewer collection systems, plant laboratory, and administration of the industrial pretreatment program through inspection and sampling of all industrial and commercial users of the City's sanitary sewer collection system.

Table J-5 shows total Wastewater FTEs and comparisons to peer cities.

Table J-5: Wastewater Staffing Comparison

	Elyria	Peer Average ¹	Difference	Variance
Administration	2.00	2.00	0.0	0.0%
Plant Operations	19.00	6.00	13.00	216.7%
Plant Maintenance	8.00	3.25	4.75	146.2%
Line Maintenance	23.00	5.50	17.50	318.2%
Lab Techs	3.00	1.50	1.50	100.0%
Hazardous Waste Drivers	2.00	N/A	N/A	N/A
Total	57.00	18.25	38.75	212.3%
Customer Accounts	19,036.00	15,665.50	3,370.50	21.5%
Annual Flow per Customer Account (Millions of Gallons)	0.15	0.20	(0.05)	(23.5%)

Sources: Elyria and the peer cities of Fairfield and Mansfield

¹ Peers include Fairfield and Mansfield as other peer cities did not report data.

Table J-5 above shows that the City of Elyria has approximately 38.75 more FTEs than the peer average, or a variance of 212 percent. Elyria has 21.5 percent more wastewater accounts than the peer average. Furthermore, the City's residents use 23.5 percent less flow annually than the peer average.

Elyria's City Council passed sewer rate increases through 2028 in an effort to cover capital projects costs in the future. The City of Elyria's wastewater rates were compared to the 2010 Sewer and Water Rate Survey completed by the Environmental Protection Agency (EPA). **Table J-6** shows annual rates for 2009 through 2012 for Elyria compared to the EPA.

Table J-6: Sewer Rate Comparison

	2009	2010	2011	2012
Elyria	\$459.84	\$496.32	\$521.28	\$542.40
EPA Survey	\$514.00	\$536.00	N/A	N/A
Difference	(\$54.16)	(\$39.68)	N/A	N/A
Variance	(10.5%)	(7.4%)	N/A	N/A

Sources: 2010 EPA Survey and Elyria Ordinances

In 2009 the City's rates were \$54.16, or 10.50 percent lower than the EPA average. Similarly, in 2010 Elyria's rates were \$39.68, or 7.40 percent lower. While the City's sewer rates are lower than the EPA survey, it will need to review them as capital projects continue in order to ensure costs are covered.

Line Maintenance

Of the 87.20 water and wastewater FTEs, 28 FTEs are responsible for maintaining 220 miles of waterlines and 297 miles of sewer lines.

Utility Billing

The City of Elyria's Utility Billing Department is responsible for billing for sanitation, water and wastewater. The department has 20 full time employees (FTEs) including 10 FTEs in the meter reader function, 9 clerical employees, and one administrative position.

Parks and Recreation

The City of Elyria's Parks and Recreation Department comprises several different activities. The Department operates two swimming pools, an ice rink, two gymnasiums, a nature center, 358 acres of parks and over 40 recreation programs. The Parks and Recreation Department had a loss of approximately \$1.4 million (accrual basis) resulting in a cost of \$35.55 per citizen. The peer average cost per citizen was \$93.35; Elyria's Parks and Recreation Department cost per citizens was 62 percent lower than the peers.

The Parks and Recreation Department currently employs 26.56 FTEs. The Department has employees in the following areas; administration (2 FTEs), swimming pools (5.37 FTEs), recreation programs (5.19 FTEs), gymnasiums (2.97 FTEs), ice rink (3.10 FTEs) and parks maintenance (7.95 FTEs).

Streets Background

The City of Elyria's Streets Department currently employs 14 FTEs who are responsible for all roadwork, painting, mowing, leaf pick-up, signs, and snow and ice removal.

Table J-7: Streets Department Staffing Comparison

	Elyria	Peer Average ¹	Difference	Variance
Lane Miles	485	477	8.33	1.7%
FTEs	14.00	22.97	(8.97)	(39.1%)
Lane Miles per FTE	34.64	21.23	13.42	63.2%
Residents	54,533	52,086	2,446.67	4.7%
FTEs per 1,000 citizens	0.26	0.46	(0.20)	(44.1%)

Source: City of Elyria and Peers with exception

¹ Peers include Cuyahoga Falls, Fairfield and Lorain, the cities of Mansfield and Middletown did not report data.

As shown in **Table J-7**, the Streets Department has more efficient staffing levels in comparison to the peers as witnessed by maintain a greater number of lane miles per FTE than the peer average and having fewer FTEs per 1,000 citizens.

Recommendations:

J.1 Outsource refuse services.

The City of Elyria should outsource residential refuse services and eliminate commercial and bulk dumpster or the City should meet the operational standards of nongovernment refuse haulers to reduce costs to the citizens. Examples of those standards would include: number of employees per route, number of pickups per route, efficiency of routes, and fuel use per pickup.

The City currently provides full residential curbside refuse, recycling, bulk and brush pick-up to citizens. In addition, to the full service residential pick-up, the City also provides commercial pick-up. The City of Elyria has outstanding debt of \$3,100,000 that was incurred for the purchase of eight new garbage and recycling trucks for the automated trash collection program.

Residential: In 2011, the Sanitation Department had an operating loss of \$1,071,623, as reported in the City's CAFR, and serviced 16,385 residential and 155 commercial customers. The City, because the useful life of the residential trash containers was not known, the City chose to expense the trash containers in one year rather over a period of years. Had the City chosen to expense the trash containers over a period of years, the Sanitation Department may not have shown a loss. The City currently charges residential customers \$22.23 monthly for refuse services. Elyria also provides a homestead discount, with residential homestead costs of \$15.56 monthly. In comparison, the City of Wooster contracts out its refuse services. Wooster currently services 11,169 customers and charges \$15.00 monthly per household. According to the contract, Wooster is charged \$13.46 per customer, resulting in a \$1.54 upcharge per customer. The Wooster contract contains provisions that state if fuel charges reach a certain point, a surcharge will be added. The upcharge of \$1.54 per customer is intended to cover

unexpected fuel costs as well as costs for billing. The City of Wooster does not offer commercial services.

The City of Westlake also contracts for refuse and recycling services. The contract states that Westlake will be charged \$12.48 per customer. Westlake services 10,491 residential customers and does not offer services to commercial customers. The City of Cuyahoga Falls has in house sanitation services. They offer a limited service pick-up and a full service pick-up. Limited service costs \$14.00 per month (\$10.50 for seniors), full service costs \$17.50 per month (with recycling) or \$19.50 (without recycling). The City of Cuyahoga Falls does not offer commercial services. Although the City of Cuyahoga Falls limited pick-up rate is comparable to the other comparison cities, Wooster and Westlake offer full service at the lower rate. The City of Fairfield also contracts to provide waste removal and recycling services to residential customers. The contract that originated in 2007 is for a period of five years. The 2011 rate was \$13.50 per month, \$12.60 of which is paid by the resident. The contract will end with a curbside rate of \$14.00. The City of Fairfield does not offer commercial sanitation services. The other peer cities do not offer sanitation services to their residents.

Refuse services can be provided to the citizens of Elyria at a lower cost. The current residential sanitation services are not cost effective. The City is providing refuse services to customers at rates that are not competitive with the peers and surrounding cities. The City of Cuyahoga Falls is the only peer City which offers in-house residential sanitation services.

Commercial: The City of Elyria also provides commercial pick-up services. Fees are determined using various criteria. A study conducted by the Sanitation Superintendent determined that in 2011, offering commercial services resulted in an operating loss of approximately \$65,865. This cost includes repairs to trucks, fuel, and employee wages and benefits. This cost does not include the new truck or the rental cost of the dumpsters.

In addition to providing full curbside service to customers, Elyria also provides a 40 yard dumpster to its residents for bulk items. Residents are required to show a paid utility bill in order to place items in the dumpster. The Sanitation Department does not supervise the dumpster. The dumpster costs the City \$95.00 per month plus \$432.80 weekly, or approximately \$23,645 annually. This represents a significant cost to the City while the peers do not provide similar services.

According to the City, it had an operating loss of approximately \$65,865 for commercial sanitation services, not including the cost of a new truck and the rental of the dumpsters. The City of Elyria is providing duplicate services to citizens. If the City no longer provided the bulk dumpster to its citizens, Elyria would realize additional cost savings of \$23,645 annually. Elimination of commercial service and the bulk dumpster would result in an annual cost reduction of \$89,500.

During the course of the audit, the City eliminated the bulk dumpster.

AOS determined a breakeven point for Elyria's sanitation services in 2011 based on calculations completed by AOS and the City. The calculation took into consideration the elimination of commercial sanitation services and the duplicate dumpster. The effective break

even rate is \$19.27 (not including debt service). In comparison to the City of Wooster, and in an effort to be conservative, Elyria would need to reduce expenditures by \$833,561.44 to be competitive and continue to provide sanitation to its citizens. The new effective breakeven rate calculated for residential services of \$19.27 per citizen monthly is higher than Wooster, Westlake and Fairfield. The City should develop a request for proposal for residential sanitation services in order to compare more favorably with the peers.

Financial Implication: Using Wooster's rate in an effort to be conservative, if the City of Elyria outsourced residential sanitation services, they would generate cost savings of approximately \$1,212,578 (\$74 per residential customer) annually. Elyria could opt to keep sanitation billing in house or include billing in contract negotiations. Considering the City has outstanding debt on trucks and carts, they would be able to repay the debt in approximately 31 months. However, Elyria should sell the trucks to recoup a portion of the costs and gain additional savings.

J.2 Track water loss and infiltration and inflow.

The City of Elyria should work to track and report accurate water loss and infiltration and inflow rates. In order to accomplish this, the City should consider replacing its water meters.

Water Loss: The City of Elyria provides water to its citizens as well as to surrounding cities and communities. In 2011, the City billed \$9,029,256.29 to customers for water services, and collected \$8,456,838.95. The Utility Billing Superintendent indicated that Elyria did not write off any delinquencies for the year 2011. Elyria's water pumping plant pumped 3,810 million gallons of water in 2011. The City reported that 2,826.68 million gallons were billed to customers. **Table J-8** below shows the City's water loss.

Table J-8: Water Loss Analysis

Amount Charged to Customers	\$9,029,256
Amount Collected from Customers	\$8,456,839
Difference	\$572,417
Collection Rate	93.7%
Millions of Gallons Pumped	3,810,000,000
Millions of Gallons Billed	2,826,681,528
Difference	983,318,472
Water Loss Percentage	25.8%

Source: City of Elyria

As illustrated in **Table J-8**, the City had a collection rate of 93.66 percent and a water loss rate of 25.81 percent. The City of Elyria hired a private company to assess its water and sewer rates. The report determined that the City reported its unaccounted water figure between 20-25 percent in 2008. The report also states that the industry standard is about 15 percent for systems of Elyria's age. The City's Utility Billing Superintendent indicated that the City does not meter City owned buildings, therefore an unknown percentage of water is unaccounted for in those buildings.

A comparison of the City's water usage (millions of gallons) per resident in 2003 to 2011 is shown in **Table J-9**.

Table J-9: Residential Water Usage

	2003	2011	Difference	Variance
Population	55,953	54,533	1,420	(2.5%)
Residential Gallons	1,415,625,156	1,094,680,796	320,944,360	(22.7%)
Gallons per Resident	25,300	20,074	5,227	(20.7%)

Source: City of Elyria CAFR and US Census Data

As illustrated in **Table J-9**, Elyria's residents used 25,300 gallons per resident of water in 2003, by comparison, in 2011, residents used approximately 20,074 gallons per resident, resulting in a difference of 5,227 gallons or 21 percent less water.

Of the 25.81 percent water loss, if 15 percent can be attributed to unaccounted water loss caused by the delivery systems age, the remaining 10.81 percent of unaccounted water loss could be attributed to the age and quality of the meters.

Infiltration and Inflow: In 2011, Elyria's wastewater treatment plant treated 2,879.85 million gallons, and billed 1,716.75 million gallons to customers, resulting in an infiltration and inflow rate of 67.75 percent. Although the City does not have a storm water utility at this time, in 2008 Elyria contracted with a private company to complete a study on the separation of its storm and sanitary sewer system. The City is taking the appropriate steps to establish a storm water utility.

Financial Implication: If the 10.81 percent of unaccounted water loss attributed to aging meters had been billed, Elyria would have received an additional \$1,130,575 in revenue from water and sewer charges to customers. The total cost to replace City meters is not factored into the analysis and due to a lack of data the water loss rate could not be verified.

J.3 Implement late fees on utility bills and adjust the application of payment structure

The City of Elyria should implement late fees on all utility bills that are 30 days overdue and adjust the structure of the application of payments.

Late Fees: The City of Elyria does not charge late fees on utility bills that are 30 days or more past due. In comparison, the City of Cuyahoga Falls and the City of Fairfield both have late fees of 10 percent which are applied once the due date has passed. The City's ordinances state that accounts that haven't been paid within 90 days may be reported to the Finance Director's office to be placed on the real property tax list.

Application of Payments: The City of Elyria had a balance of approximately \$154,800 in delinquencies 60 days or older as of December 3, 2012. The amount includes delinquencies for refuse, water and wastewater utilities. The Utilities Superintendent indicated that payments are applied to utilities equitably. In comparison, the City of Wooster applies payments by aging, first to storm water, second to refuse, third to sewer, and last to water. The City does not have a separate storm water utility at this time. The City has made progress towards creating one, and once a storm water utility is created, payments should be first applied to storm water. Until the

storm water utility is created, payments should be applied first to refuse, then to sewer and last to water.

Financial Implication: If the City implemented a 10 percent late fee it would have seen an additional \$15,415 in revenue

J.4 Reduce utility billing staff

The City of Elyria should reduce Utility Billing staff by 2 meter readers and 5 clerical staff to be more comparable to the peer average.

The City of Elyria's Utility Billing Department is responsible for billing for sanitation, water and wastewater services. The department has 19 full time employees (FTEs) consisting of administration (1FTE), the meter reader function (including service workers, 7 FTEs), and clerical (11 FTEs), who service 19,199 accounts. The report provided by the City showed 26,157 meters in the system, but only 19,199 accounts. The City does not monitor the meter inventory.

Table J-10 shows a comparison of the City's staff to its peers.

Table J-10: Utility Billing Staffing Comparison

	Elyria	Peer Average ¹	Difference	Variance
Administration	1.0	1.0	-	0.0%
Clerical	11.0	6.0	5.0	83.3%
Meter Readers and Service Workers	7.0	3.5	3.5	100.0%
Total FTEs	19.0	10.5	8.5	81.0%
Total Meters²	19,199	16,122	3,077	19.1%
Meters per Meter Readers/Service Workers	2,743	4,583	(1,840)	(40.1%)
Water Accounts	19,199	15,777	3,422	21.7%
Accounts per Clerical Staff	1,745	3,225	(1,480)	(45.9%)

Source: Elyria and peers

¹ Peers include Fairfield and Mansfield. Other peers offered different services.

² Number of accounts was used to be conservative.

As illustrated in **Table J-10**, Elyria's Utility Billing clerical staff maintains approximately 1,745 accounts per FTE, while the peer average is 3,225 accounts per clerical FTE, resulting in a variance of 45.9 percent. Furthermore, the City's meter reading employees, including service workers, read and maintain approximately 2,743 meters per FTE while the peer average is 4,583 meters. The City of Elyria's meter readers read and maintain approximately 40.1 percent fewer meters than the peer average.

Technology: The City's meter readers currently physically read water meters. The City of Cuyahoga Falls and the City of Wooster have automatic meter reading functions using fixed based radio frequencies. The City of Cuyahoga Falls employs 1.29 meter reading FTEs and services 19,602 meters.

Table J-11: Meter Reading Function Comparison

	Elyria	Cuyahoga Falls	Difference	Variance
Meter Readers	7.0	1.3	5.7	438.5%
Total Meters/Accounts	19,199	19,602	(403.0)	(2.1%)
Meters per Meter Reader	2,743	15,244	(12,501.7)	(82.0%)

Source: City of Elyria and Cuyahoga Falls

Table J-11 shows that Cuyahoga Falls' meter reading employees are able to manage 15,244 accounts and meters per meter reading FTE. This is possible due to the technology used. Furthermore, the discrepancy between the total number of accounts and the total number of water meters in the City's system further shows the City's need for a technology system to manage the utility function. See **Rec A.1** and **Rec B.1** for a further discussion related to updating technology and long-range planning.

Financial Implication: The City should reduce Utility Billing staff by 2.8 meter readers and 5 clerical staff to be more comparable to the peers. In an effort to be conservative, if the City eliminated 2 meter readers and 5 clerical employees, it would generate annual cost savings of approximately \$331,784

J.5 Reduce line maintenance staff

The City of Elyria should reduce water and sewer line maintenance staff by 15 FTEs.

The City of Elyria has 31 line maintenance employees maintaining 404 miles of water and sewer lines. Elyria's employees maintain approximately 14.43 miles of lines per FTE. The peer average is 32.70 miles per FTE. Elyria maintains 55.9 percent fewer miles, or 18.27 fewer miles than the peer average. **Table J-12** below shows the comparison.

Table J-12: City of Elyria Line Maintenance Staffing

	Elyria	Peer Average ¹	Difference	Variance
Total Line Maintenance FTEs	28.00	15.67	12.33	78.7%
Miles of Water/Sewer Lines²	404.00	416.07	(12.07)	(2.9%)
Miles of Lines per FTE	14.43	32.70	(18.27)	(55.9%)

Source: City of Elyria and Peers

Note: Analysis includes both water and sewer line maintenance employees

¹ Peers include Cuyahoga Falls, Fairfield, Mansfield, the cities of Lorain and Middletown did not provide data.

² Water and sewer lines exclude storm sewer lines to be equivalent to peers.

The City of Elyria indicated that specific licenses are required to work on water and sewer lines. Currently, the City does not cross-license employees. In comparison, the City of Wooster requires both water and sewer line maintenance employees to obtain both licenses. See **Rec F.3** and **Issues For Further Study** for further information related to reducing job classifications. The City was unable to provide the age and quality of the lines throughout the City.

The City has a computerized system to manage the lift stations and the wastewater plant. Although the plant and lift stations can be controlled by computer, the City also physically checks the lift stations daily. The Superintendent indicated that the City performs redundant

services. These duplicate services are causing the City to employ more FTEs than peer cities. Sufficient information could not be supplied to determine the reliability of the computerized system. Therefore, the need for the duplicate services is unknown.

Financial Implication: Elyria employs approximately 15.64 more FTEs than the peers. If the City cross-licensed line maintenance personnel it could eliminate 15 water and sewer line maintenance positions and realize annual cost savings of approximately \$728,577

J.6 Reduce wastewater staff

The City of Elyria should reduce wastewater treatment plant staff to minimum requirements and peer staffing levels, eliminating 7 FTE plant operators, 4 plant maintenance FTEs and 1 lab tech. The City should consider service levels and further study the necessity of the redundant systems and the plant design in order to determine if further staffing reductions are appropriate.

Elyria operates a Wastewater Treatment Plant that is located within the City. The plant treats approximately 2,880 million gallons per year. In 2011, the water treatment plant had operating income of approximately \$215,000. The City's wastewater employees serviced 19,036 customers with an average annual flow of 0.15 million gallons per customer in 2011. The plant operators and plant maintenance employees treat approximately 96.00 million gallons per year per FTE. **Table J-13** shows a comparison to the peer cities.

Table J-13: Wastewater Staffing Comparison

	Elyria	Peer Average ¹	Difference	Variance
Administration	2.00	2.00	0.0	0.0%
Plant Operations	19.00	6.00	13.00	216.7%
Plant Maintenance	8.00	3.25	4.75	146.2%
Lab Techs	3.00	1.50	1.50	100.0%
Total Staffing	32.00	12.75	19.25	151.0%
Customer Accounts	19,036.00	15,665.50	3,370.50	21.5%
Annual Flow per Customer Account (MGallons)	0.15	0.20	(0.05)	(23.5%)
Average MG per Treatment FTE	96.00	286.27	(190.27)	(66.5%)
Customers per treatment FTE	634.53	1,444.48	(809.95)	(56.1%)

Source: Elyria and peers

¹ Peers include Fairfield and Mansfield, the Cities of Lorain, Middletown, and Cuyahoga Falls did not provide data.

As illustrated in **Table J-13**, the City's plant maintenance staff, plant operators and lab tech employees maintained 634 customer accounts per FTE. The peer average is 1,444 housing units per FTE, a variance of 56 percent. The staff treats approximately 96 million gallons per FTE annually compared to the peers that treat 286 million gallons per FTE per year, a variance of 66 percent.

The comparison shows that Elyria's wastewater treatment employees treat 66 percent less water than peers and serve 56 percent fewer housing units than the peers, resulting in an average difference of 61 percent more FTEs. The Wastewater Superintendent indicated that due to the number of buildings and the space between the buildings, there needs to be at least 2 plant operators on each shift; the plant operates with three shifts. The peer average plant operations is

6 FTEs. The placement of the buildings varies between Elyria and the peers; therefore, Elyria needs a minimum of 12 FTE plant operators, a variance of 58 percent. Furthermore, the City employs 8 plant maintenance FTEs while the peer average is 3.25 FTEs, a variance that is 146 percent higher than the peer average. Elyria also employs three lab technicians, while the peer average is 1.5 FTEs for a difference of 1.5 FTEs or a variance of 100 percent.

In addition to the redundant services, the wastewater plant design may be causing Elyria to employ more FTEs. The City should review the plant design and determine if there are more efficient ways to position staff to allow for a reduction in FTEs, or if a plant redesign would allow for greater efficiency and a reduction in staffing levels.

Financial Implication: If the City reduced plant operations staff to the minimum required to cover all shifts, it could eliminate 7 FTE plant operators. If it reduced plant maintenance and lab techs to peer averages, the City could eliminate 4 plant maintenance FTEs and 1 lab tech. If all the proposed staffing reductions were made 11 FTEs and 1 lab tech, Elyria could save approximately \$708,789 annually.

J.7 The Parks and Recreation Department should complete a cost benefit analysis and gather community input to prioritize recreational services and implement a cost allocation plan.

The City of Elyria should review revenues and expenditures for the Parks and Recreation Department and complete a cost benefit analysis for all programs, pools, recreation centers, the ice rink, and all other services offered by the Department. In addition, the City should seek community input to prioritize recreational services offered. If the City wishes to reduce the subsidy in the Parks and Recreation Department, it should close one swimming pool. Finally, the City should implement a cost allocation plan.

The Parks and Recreation Department is made up of several different activities. The Department operates two of four swimming pools; an ice rink; four recreation centers, 3 of which have gymnasiums; a nature center; 358 acres of parks; and over 40 recreation programs. The Parks and Recreation Department had a loss of approximately \$1.4 million (accrual basis) resulting in a cost of \$35.55 per citizen. The peer average cost per citizen was \$93.35. Elyria's cost per citizen was 62 percent lower-than the peer average. If depreciation is excluded, the City had a loss of approximately \$1 million.

The City of Elyria's Parks and Recreation Department employed 26.56 FTEs throughout 2012. The department has employees in the following categories; administration (2 FTEs), swimming pools (5.37 FTEs, including part-time help), recreation programs (5.19 FTEs, including part-time help), gymnasiums (2.97 FTEs, including part-time help), ice rink (3.10 FTEs, including part-time help) and parks maintenance (7.95 FTEs, including part-time help). A comparison of the City's parks maintenance employees was completed to determine the appropriate staffing level. The City has approximately 358 park acres in 14 parks. The parks maintenance department has approximately 7.9 FTEs. Elyria's park maintenance employees maintain approximately 45.10 acres per FTE. *Municipal Benchmarks, Assessing Local Performance and Establishing Community Standards* (David N. Ammons, 2011) lists the park acres maintained for 19 cities in the United States, the cities average 32.92 acres per FTE,

resulting in a variance of 37 percent. Elyria's parks maintenance employees maintain more acres per FTE than the municipal average.

Swimming Pool: In 2008, the City operated 4 swimming pools; however, in 2009-2010 the City closed three of the four pools. In 2010, while operating one swimming pool, the City had a loss of approximately \$33,000. In 2011, when a second pool was reopened, the loss was approximately \$77,500. **Table J-14** shows total revenues and expenditures between 2010 and 2011.

Table J-14: Swimming Pool Costs

	2010	2011	Difference	Variance
Number of Pools Operated	1	2	1	1
Revenues	\$35,285	\$38,838	\$3,554	10.1%
Expenditures	\$68,739	\$116,367	\$47,629	69.3%
Surplus (loss)	(\$33,454)	(\$77,529)	(\$44,075)	131.7%

Source: Elyria Revenue and Expenditures

The City re-opened one swimming pool in 2011. Revenues from 2010 to 2011 increased by 10 percent, while expenditures increased by 69 percent. The loss on the swimming pool operations more than doubled from 2010 to 2011, likely as a result of opening the second pool.

Programs: The City of Elyria offers over 40 programs to citizens. Programs such as soccer, basketball, tennis, football, cheerleading, volleyball, and bowling are offered. The City reported that all of its programs are profitable. The costs covered by the program fees include facility managers, equipment, and officials. The costs do not include administrative salaries.

The City should implement a cost allocation plan. If administrative costs were allocated to each of the programs and operations, the City would have a better representation of the true cost of each program and activity. In order to decrease the loss associated with operation of the department, fees would need to be evaluated to ensure that all costs are covered by program fees. The cost allocation plan should be created and approved by City Council and provide a true estimate of all costs that are essential to providing particular services.

Elyria should work to collect input from the community to determine what recreational programs and services are most valued by the City.

Financial Implication: The City should consider closing one of the swimming pools. If it did so, the City could reduce expenditures by approximately \$47,500. The expenditures would decrease by 69 percent based on recent history, while revenues would only decrease 10 percent.

Client Response

The letter that follows is the City of Elyria's official response to the performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



City of Elyria

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May 7, 2013

The Honorable Dave Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

RE: Response to City of Elyria Performance Audit

Dear Auditor Yost,

On behalf of the City of Elyria and the citizens we serve, I would like to express our sincere appreciation for the work performed by your staff in completing at our request a city-wide voluntary performance audit. As the new Mayor of Elyria, when I first requested your assistance in January of 2012, I knew that it would be important to the city's progress to see how Elyria compares to peer cities, and to evaluate our efficiency and effectiveness based on peer comparisons, best practices and industry and national standards. The information garnered in this report provides further context for my administration and Elyria City Council to consider as we plan for a more financially sound future.

As the City of Elyria continues to face serious financial challenges resulting from the nation-wide economic downturn, loss of revenue from a reduction in the allocation of Local Government Funds and repeal of the Estate Tax, and the eventual elimination of stimulus funds that are currently supporting some safety services – Elyria must find new ways to deliver high quality services in the most cost-effective ways possible. Beginning in 2012, my administration began to make workplace adjustments that resulted in over \$1 million in savings in less than one year. This audit will build on that momentum and serve as a catalyst for more in-depth discussions, further analysis, and practical, effective actions to continue to improve operational efficiencies and in some areas, reduce operating costs.

That being said, it is important for us to point out that in fiscal year 2013, the City made \$1.7 million in reductions, froze its capital expenditures, and reached its borrowing ceiling due to the reduction in available funds described previously. Moreover, a .5 percent temporary income will expire in 2014 that generates \$6 million annually over five years, and in early 2015, a Safer Grant in the amount of \$3.2 million and two COPS grants totaling \$500,000 will also expire. Given these financial realities, regardless of whether or not the City were able to adopt every

recommendation in the audit, which we do not deem feasible or practical, the City of Elyria will still need to pass a renewal of the temporary income tax in November of 2014 to remain solvent because of continuing reductions in available state and federal revenue available to the City. Short-term cost savings that we do realize by adopting many of the recommendations will be used to offset the revenue lost by the stimulus grants that support our safety forces. Cost savings that we may realize later by adopting recommendations that are contingent on employee contract negotiations will help the City keep the costs of services affordable to residents.

Many of the recommendations and strategies contained herein have been or are in the process of being implemented by my administration and serve to reaffirm that the City is moving in the right direction. Other recommendations are new to us and will be considered in whole or part depending on the city's ability to remedy barriers as well as address local preferences and priorities. Some recommendations, including a number of the Enterprise Fund recommendations, cannot be implemented without the acquisition of further technology that will be needed to streamline operations and will be considered as resources become available. Seven of the 14 cost-saving recommendations in Local Governments Funds (\$1,167,737 of the total \$2,024,983) are subject to the collective bargaining process with the City's six unions. The audit findings in these areas will serve as vehicles for discussions as we enter negotiations. The recommendations that involve the creation of joint districts across municipalities are subject to agreements by multiple government bodies, and in some cases voters, and will have to be addressed over time.

As we have discussed, while these recommendations were made using a cost-control lens, in the end, community values and local priorities may override some of your cost-savings recommendations. Because municipal government also has the responsibility of giving taxpayers what they want and are willing to pay for – there may be services taxpayers are willing to pay more for compared to peers because they want to maintain more local control, they perceive the quality of the city service to be value-added compared to a privatized service, or other reasons. In cases where this administration and Elyria City Council believe there is a disparity between your recommendation and local preference or benefits, every attempt will be made to conduct further internal and external analysis, and in some cases, publically vet these issues by providing residents an opportunity to weigh in on alternative scenarios with costs and benefits attached to them during the strategic planning update process. This added information will assist this administration and Elyria City Council in making final determinations on issues like the future use of our parks and pools and other issues.

Before addressing the recommendations in the report, we would also like to comment on the peer selection process and the community comparisons. We

recognize the difficulty in finding peer cities that provide accurate comparisons to Elyria. No city is exactly like Elyria, including the peer cities selected for our audit including Cuyahoga Falls, Lorain, Middletown, Fairfield and Mansfield – and some additional cities cited for best practices. We would argue that setting a target goal for the number of city personnel needed to operate a department that is based on the average of peer cities is informative and worth considering, but does not necessarily constitute a best management practice or a practical solution. For example, as you know, not all of these cities are even used as comparable cities when seeking parallels in the collective bargaining process.

Moreover, the peer cities you selected were not vetted for quality performance; they simply share some common characteristics with Elyria such as population size and demographics, to name a few. The selection of peers also did not take into account some of the unique characteristics of Elyria that impact our community like geography, industrial base, the age of infrastructure or technology systems. Because Elyria is striving to provide high quality city services and personnel, we will take a balanced approach by considering your target number based on peer city averages – with cities that have been recognized for their best management practices. We will also take into account the unique characteristics, circumstances and local preferences in the Elyria community as we make efficiency and quality adjustments to the organization.

An additional point should be made that staffing reductions suggested within this report are largely based upon a “point in time” count in 2011 prior to this administration. Staffing levels in a number of departments have changed since the “point in time” count, including but not limited to cemeteries, public utilities, water pumping, and water distribution. We will continue to examine our staffing levels relative both the peer and best practices benchmarks the audit identifies to maximize efficiency and delivery high quality service to residents.

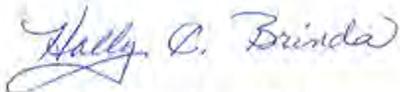
Lastly, the City was sincerely hoping that this audit would yield a recommendation about the direction it should take in the delivery of emergency medical services. This was an area of concern that was a premise for this audit, because of the many questions regarding the validity of the data cited in the previous study of the Fire Department. Unfortunately, near the completion of the audit, the City was told by the second audit team that it was beyond the scope of this audit and that information would be provided to help the City conduct further analysis. While we did receive some peer information regarding three different, yet successful delivery models, there was no one recommendation specific to Elyria. Instead, the recommendation was made for further analysis and the City to further consider contract updating or the adoption of a different business

model: fire-based EMS, a split Fire/EMS approach or a hybrid. While these are all legitimate options to consider, had the audit completed a more in-depth review, it would have provided the City the neutral third party assessment and recommendation so desperately needed to help inform this important decision-making process.

That being said, the City of Elyria did receive some very good information, analyses, and recommendations, and it is our intent is to implement as many of the recommendations as possible, acknowledging that there are considerable contingencies subject to the collective bargaining process, the need for further analysis on some issues, technology barriers, existing staff that must be considered, and local preferences. Following is a preliminary response to each of the recommendations in the order they initially appeared in the draft document presented to the Mayor and Council. The response does not address all areas where there were no findings, but please know the City is currently addressing areas mentioned for further study related to centralized procurement and shared services. Some consolidation of purchases has already begun, and the City is participating in the Central Ohio Organization of Public Purchasers – Northern Ohio Branch. The City has also developed a number of new shared services agreements in the last year including agreements with the City of North Ridgeville for water, a lease agreement with the Lorain County MetroParks for Cascade Park, a mutual service contract between the Elyria and Lorain Health Departments, and discussions are currently underway for a county-wide police dispatch system.

Again, thank you for your assistance in our quest to provide the citizens of Elyria with the best possible city services and the most affordable possible cost. The following are the City's official responses to the voluntary performance audit recommendations.

Sincerely,

A handwritten signature in blue ink that reads "Holly C. Brinda". The signature is written in a cursive style with a large, decorative initial "H".

Holly C. Brinda, MPA
Mayor

City of Elyria Voluntary Performance Audit Recommendation Responses

A.1 Develop and periodically review a city-wide strategic plan

The City is already developing a process to update the Elyria 2015 Plan that includes issues identification, best practices inclusion, preferred future scenario development with options that include costs and benefits, and extensive citizen feedback. The Plan update process will be completed in two phases, with Phase I completion in November 2013 and Phase II completion in November 2014. The plan will be augmented with an accompanying Economic Development Plan, updated Land Use Plan, and Updated Thoroughfare Plan. The updated strategic plan will include goals, desired outcomes, and strategies to achieve the outcomes. The process will set priorities and the results will be aligned with the 2013 and 2014 budgeting process. Outcomes will be measured and communicated to the public on the City's website via a City Report Card that is backed by a formal, city-wide performance management system.

A.2 Develop a citywide performance measurement system

The City is in the process of examining a variety of measurement systems including CitiStat, a Balanced Scorecard Model and others, and associated software applications that can support the various systems. It is the goal of the City to develop and implement a comprehensive measurement system by the end of 2014.

B.1 Create a Technology Plan

The City administration is acutely aware of the technology deficit in the City and is taking proactive steps to address this major issue. The lack of a Technology Plan; limited technology personnel support; multiple, incompatible, antiquated software systems that cannot share information across departments – are all factors that contribute to the administration's inability to pull and use reliable data to make best management decisions; monitor work flow and work orders and citizen complaints; track capital assets; eliminate duplication of efforts across departments, and more. At the time of this writing, the administration has requested that Elyria City Council allocate \$249,000 from the \$3.4 million State of Ohio Unclaimed Funds settlement to support the creation of a Technology Plan and software upgrades to the New World municipal management system – which will help address many of these issues.

D.1 Monitor transportation vehicles

Beginning in 2012, the City put the Central Maintenance Garage Manager in charge of fleet oversight, acquisition and management. Prior to 2012, each department addressed their individual fleet needs and ordered their own vehicles. This uncoordinated system created a mismatched fleet of vehicles that escalated maintenance costs and did not encourage sharing across departments. The new system requires that all vehicle purchases be approved and bid out and maintained by the Central Maintenance Garage Manager. This practice is already reducing costs. Moreover, in 2012 the City also reduced the number of take-home cars (excluding police) from 15 to six, with exceptions made for personnel who are on call 24 hours per day and require special take-along equipment to perform their job duties. The City is examining the support car program and is considering assigning police cars to police officers based on their duty assignments.

D.2 Develop an energy conservation management policy

The current administration acknowledges that it needs to develop a comprehensive energy conservation management policy and appoint someone to monitor policy implementation to improve city-wide energy conservation practices. However, lingering challenges resulting from the previous administration's contract with Doan Pyramid has resulted in a faulty energy management system that is currently being contested through the legal process. Until this situation is rectified, and adjustments are made to allow for better temperature control of systems and other remediation, it will be difficult for the City to implement a new policy. That being said, despite the setbacks, some progress in this area is being made. For example, in 2012 the City initiated an agreement with North Shore Electric Contracting that is providing significant cost savings to the City for its largest electric users such as the Waste Water and Water Pumping departments. It is estimated that this new agreement alone will save the City over \$900,000 through 2015. A similar agreement addressing city natural gas consumption is also currently being negotiated with North Shore Electric Contracting.

E.1 Centralize human resource functions into one department

This administration recognized immediately the need for a Director of Human Resources and for that person and other supporting personnel to be housed collectively in a department outside the Mayor's office for continuity of function not subject to appointment by the election process. Since by City Charter, only City Council can create a department, as the new Mayor I did request the

creation of a human resources department. When that request was denied, I did hire a career human resources director in one of the appointment positions (assistant safety service director) I have available to me as Mayor. While the person serving in that role through my office is providing human resource leadership, he would be much more effective if he could pool employees doing human resource functions into one stand-alone department and manage them as their direct supervisor, rather than having the functions split among the finance, engineering, EEO/ADA and the Mayor's office. As a result of this audit recommendation, I will again ask City Council to create a Department of Human Resources with the intent of moving the assistant safety service director in charge of human resources into that role.

E.2 Reduce the use of overtime to less than 1.3 percent of total compensation

As a result of \$1.7 million in cost-cutting measures to the 2013 fiscal year budget, all departments of the city received a 10 percent reduction in their available overtime allocation. To monitor this, the Finance Director is now running variance reports that are reviewed by senior management, department heads and chiefs on a quarterly basis to hold down overtime expenses across the City. This practice will result in an overall reduction of overtime use, with exceptions made to overtime critical to safety, weather and natural disaster issues that arise on a routine basis. Almost all overtime in Enterprise Fund departments are weather related and cannot be dramatically reduced. Other significant changes in overtime will have to be negotiated through the collective bargaining process. Shifts are set in those agreements and the city's management does not currently have the ability to change shifts. Only the Parks and Recreation Department has "off shift" workers where management can make shift adjustments.

E.3 Competitively bid life insurance coverage

The City is re-bidding all contracts and life insurance coverage will be bid in 2013. Collective bargaining agreements call for varying coverage thresholds. To create economies of scale, the City will create specifications to entertain bids that meet the highest coverage threshold required in the agreements to get the best coverage at the lowest cost.

E.4 Negotiate to eliminate the subcontracting provision from the City's classified agreement

Under management rights in existing contracts, the administration currently has the ability to subcontract in certain circumstances such as in emergency

situations and at times when additional expertise is needed. As we negotiate collective bargaining agreements, we will engage in good-faith discussions to expand the scope of subcontracting options available to the City.

E.5 Reduce the use of sick leave

The City of Elyria is addressing reducing sick leave through the following practices: (1) creating an Employee Personnel Manual with the intention of strengthening language in employee contracts through the collective bargaining process; (2) retooling the City's implementation of the Family Medical Leave Act policy; (3) educating department heads about the proper use and administration of FMLA; (4) centralizing the monitoring and tracking of FMLA; (5) providing individual follow-up and counseling to employees that have demonstrated a pattern of high sick leave usage and who maintain low sick leave balances; (6) strengthened the Employee Assistance Program to provide a proactive wellness focus to enhance health and reduce sick leave use. Prior to 2012, the lack of a dedicated human resource function limited the City's ability to address human resource issues, including the abuse of sick leave. Reducing sick leave abuse can be further strengthened by the creation of a full and dedicated Human Resource Department.

E. 6 Review, develop and adopt strategies to improve the cost-effectiveness of the health insurance program

In 2012 the City re-bid the health benefit broker contract, interviewed 11 respondents and chose a new benefits broker that presented a case for reducing costs while maintaining high quality services to employees. The Hoffman/Gallagher Group was chosen and instantly saved the City \$44,160 annually and \$156,620 through 2015. In 2012, working with the City Employee Health Care Committee, the City increased employee contributions, increased the deductibles on the medical plan, increased the out-of-pocket maximums on the medical plan, recaptured prescription drug rebates, and lowered the cost of the prescription drug mail program to encourage use and lower costs. A new Employee Assistance Program (EAP) is providing more comprehensive wellness programming and the Medical Mutual Super Wellness program is being encouraged among employees – i.e. a new Wellness Fair in 2012. By making these adjustments, the City has been able to moderately increase the self-insurance reserve fund.

F. 1 Ensure personnel records are centralized and safeguarded

In 2012 the City began to centralize all personnel records and at the time of this writing has consolidated and secured in locked quarters and cabinets 85 percent of all personnel records. The City will complete the centralization in 2013. We are also exploring an electronic Human Resources Information System as part of our overall technology plan.

F. 2 Develop a comprehensive training plan and explore possible collaborative training opportunities

The City agrees we need a comprehensive employee training program. In 2012, the new administration audited workforce needs and ascertained the following: departments heads continue to need professional management development; front-line employees need customer service training and training specific to their work assignments and certification and licensure requirements; and as department re-engineering and job descriptions are updated and evaluation tools are developed, a formal training program should be designed to align with the revised needs of individuals and the organization. As we continue to consolidate and strengthen human resource management functions, our goal is to develop a more comprehensive on-boarding system that will set expectations up-front for employees.

Short-term training goals are currently being implemented including city-wide customer service training through a collaborative partnership with the Cleveland Clinic at no cost to the City; safety training including emergency preparedness, underground storage precautions, water quality and licensure, work zone safety, confined space, ergonomics, commercial driver license training and more.

Long-term training goals must be tied to the new, emerging performance management system that will require senior managers and department heads to monitor and analyze data to make best management decisions and better manage their budgets and employees.

F. 3 Update job descriptions

In recent years, the City of Elyria has not adopted updated job descriptions. Job descriptions that were crafted in 1997 were never formally adopted. Beginning in 2012 this administration started the job description update process and we plan to complete it by the end of 2014.

G. 1 Decide how emergency medical services should be provided

As per the performance audit recommendation, the City is in agreement that it needs to update its approach to Emergency Medical Service delivery. This view is supported by the State Auditor's assessment of the McGrath Report, a management analysis of the Fire Department. The audit concluded that due to the timing of the release (2009) and the uncertainty of how the data was collected and analyzed the auditors could not determine the reliability of data used. Several additional factors contribute to the need to update the approach and that approach can take several different directions based on local preference and the business model that is determined most compatible with the needs of the Elyria community. Elyria's aging baby boomer population is escalating EMS calls by 10 percent annually and residential and commercial growth in Elyria's southeast corner is placing more stress on the Fire Department's ability to respond to calls, with response times ranging up to ten minutes at the far southeast corner of the city. Complicating the situation is the fact that the City's contract with a private emergency medical services vendor has not been updated since 1996. Much has changed in the last 17 years with respect to technology that positively impacts patient outcomes, so the expected levels of service and how those services are delivered should also change with the times. The current system of the EFD providing first response trauma relief, but not transporting patients to the hospital is costing the City. The current contract does not provide for City reimbursements when its supplies are used for patient stabilization and the use of fire trucks instead of ambulances reduces the longevity of very expensive vehicles.

All that being said, the City plans to further vet and produce cost-benefit analysis grounded in current industry data and local information to determine which of the following business models are the best fit for Elyria: (1) Update specifications and rebid an EMS vendor contract with area providers, (including the current provider) to better address reimbursements, fees, response times and benchmarks; (2) provide EMS services through the fire department; (3) create separate EMS and Fire Departments; or (4) another hybrid option yet to be determined.

The three to four case scenarios will be informed and critiqued by internal and industry experts, the Finance Director and others and the Mayor will present all scenarios, including her recommendation to Elyria City Council for their review and final decision. Of particular interest to the current administration is determining whether or not an alternate business model can be developed and implemented that has the ability to create a revenue stream that can help off-set

costs in the fire department and help maintain the appropriate level of manpower needed to effectively deliver city-wide services.

G. 2 Review staffing levels in the Fire Department

The long-term staffing in the Elyria Fire Department will largely depend upon which business model the City chooses in the delivery of emergency medical and fire services. At present the department is at 72, but has been as low as 52 in 2009 when the previous administration laid off 17 firefighters, and did not replace other firefighters through attrition. As a result two stations of the City's four fire stations were closed. The City's receipt of a Staffing for Adequate Fire and Emergency Response (SAFER) grant in April 2010 and again in 2012 has temporarily returned the force to its post lay-off status and is in line with FEMA grant requirements. Upon expiration of the SAFER grant in late 2014, the City will be forced to return to fewer FTEs and fire stations if it cannot find other ways to replace the expiring revenue.

It is this administration's intention to find ways *not to return* to a 52-member department. We do not think having a two-fire station city in a 20 square mile industrial city like Elyria is practical or in the best interest of the community. The Mayor and administration will work through the collective bargaining process to address issues that impact manpower hours in an attempt to free up revenue to help maintain manpower capable of accommodating three fire stations. Given the current contract and dismissing the FEMA staffing requirements attached to the SAFER grant, the City would need a minimum of 65 firefighters to maintain three stations.

Another way the City hopes to offset some of the lost revenue from the expiring SAFER grant is to change the command structure and divert more revenue to the rank staff. Restructuring is possible through attrition over the next 24 months. It is anticipated that approximately \$450,000 annually can be saved by eliminating two assistant chief positions, creating an operations chief position, thus eliminating benefit costs and more acting officer pay.

There is also a long-term need to adjust the fire station configuration in the City to accommodate the residential and commercial growth in the southeast corner of Elyria. As the audit states, the EFD has more square miles per station to cover than its peers (6.9 compared to 5.8) but operates from three fire stations compared to the peer average of 4.7 stations. At some point, proximity of services to the southeast corner of the city will have to be addressed given there are recorded times in that area of the City of up to 10 minutes, which is not a favorable response time compared to the city average for both fire and EMS of

5:18 minutes and 6.33 minutes, respectively, and the peer average of both fire and EMS of 5:11 minutes and 5:18 minutes, respectively. Ideally, the City of Elyria would best be served by four fire stations positioned in four quadrants of the City. The citizens will eventually have to decide the level of service that is acceptable to them, knowing that this administration's intent is to find ways to provide, at minimum, a service level of at least three stations.

G. 3 Reduce Fire Department overtime

As described in E. 2, the City is taking new steps to reduce overtime across departments. Specific to the Fire Department, during the course of this audit the City re-established three command positions through internal promotions to help offset overtime expenses from acting officer pay and also provide additional supervision. The majority of the remainder of overtime in the fire department resulted from mandatory training by state and federal agencies or emergency recalls of personnel due to emergencies. The City will work through the collective bargaining process to address provisions in the collective bargaining agreements that increase the use of overtime.

G. 4 Reduce Fire Department sick leave usage

As described in E. 5 the City is taking new steps to sick leave abuse across all departments. In terms of sick leave in the Fire Department, the observation was made that lower ranking positions used less sick time than higher ranking positions. What this observation did not take into consideration is that the individuals in the higher ranking positions largely represent older personnel that may have more medical issues after years of very physical work. About 30 percent of the fire department is within five years of retirement. Moreover, at this snapshot in time, six individuals were off on sick leave waiting approval for disabilities status from the pension board and two individuals were out with shoulder and knee surgeries.

G. 5 The City should renegotiate select provisions contained in the International Association of Firefighters (IAFF) contract

The City of Elyria will use the observations made by the audit relative to the following categories of provisions in the collective bargaining agreement: hours of duty, Kelly and floating time, longevity pay, additional pay, uniform allowance, acting officer pay, minimum call-in, and other provisions identified by the administration.

G. 6 Increase span of control in the Police Department

The City launched new Crime Analysis software in 2012 that is assisting the department in making targeted decisions about where to concentrate staffing levels relative to identified crime trends. Overall, the audit found staffing levels in the police department to be reasonable when compared to peer cities. The City continues to explore with the County and other partners a joint dispatch system that could eventually eliminate the dispatch function, but would still require the City to hire some staff to take incoming phone calls. At present, the dispatchers handle both functions. In addition, some additional proposed cost savings measures may not yield the benefits cited in the audit. For example, the recommendation to eliminate a sergeant overseeing the Records Division versus a civilian, would result in a sergeant and a civilian salary because the current supervisor performs dual functions of both civilian and police work.

Another concern we have relates to the audit finding that Elyria has more officers per square mile (4) compared to the peer average (3). Yet, the observation was also made that Elyria has more calls per service per officer (514) compared to the peer average (461). We question using the number of officers per square mile as an efficiency measure without other factors being considered like population density, existing crime trends and other circumstances.

The City will examine further opportunities to adjust the span of control in the police department as retirements and other mobility opportunities arise.

G. 7 Renegotiate select provisions contained in the collective bargaining agreement with the City of Elyria Police Patrolmen's Association Contract (EPPA).

The City will address the following categories of audit provisions in the context of collective bargaining to bring the Elyria Police Patrolman's contract more in line with comparable benchmarks: holidays, premium pay, longevity, additional pay, tuition reimbursement, acting officer pay – and other issues identified by the administration.

G. 8 Reduce overtime in the Police Department

As described in E. 2, the City is taking new pro-active steps to reduce overtime in all departments. Specific to the Police Department, additional steps to reduce overtime include: reducing supervisor staffing to one and adjusting schedules for non-patrol positions. The audit does not explain some of Elyria's overtime (\$45,000) that is the direct result of an OVI prevention grant from the State that

funds overtime for the purpose of reducing the number of drivers under the influence on the road. The City agrees that overtime due to officer court time could be reduced through creative means. It will be difficult, however, to implement the audit's recommendation to reduce overtime by going to more part-time officers due to a number of factors including training and other costs equivalent to fulltime personnel; new healthcare legislation that next year will require employers to offer benefits to employees working 30 hours or more per week; limitations of reconfiguring an existing workforce under existing collective bargaining agreements; and a question about the city's ability to hire high quality, part-time police officers when other fulltime options are available in the county. A practical approach, we believe, is to address language in the collective bargaining agreement that impacts overtime requirements.

G. 9 Reduce sick leave usage in the Police Department

As described in E. 5 the City is taking new steps to address sick leave abuse across all departments.

G. 10 Enter into a Joint Dispatch Agreement

The City agrees that a joint dispatch agreement has cost-savings potential if the County can demonstrate it can offer services of equal or better quality at an affordable cost. Talks are currently underway with Elyria, Lorain, Lorain County and other municipalities within the county to create a joint dispatch system for police. Among Elyria's concerns that must be addressed relate to the software to support the system, the training needed to prepare county dispatchers for law enforcement calls, and any conditions of payment by cities outside of what taxpayers are already supporting through the 911 levy. And while the City does have the potential of savings from the elimination of the current eight fulltime and one part-time positions, some replacement staff would need to be hired to conduct the non-dispatch duties currently being done by dispatchers including: answering telephones; responding to public walk-in requests; processing warrant confirmations and other LEADS duties; and entry and removal of towed, stolen and recovered vehicles. To better ascertain cost-savings, the City will revise its accounting and timekeeping practices to determine the true cost of operating the Dispatch Center.

G. 11 Adjust base salaries for its safety service employees

The City's goal is to provide fair, competitive compensation for all of its employees. As we enter the negotiations process for all six of the employee unions in the City, we will be asking employee groups to work with us, through a

variety of innovative concepts, to eventually position base salaries to be competitive and more in line with peers in this report as well as competing, contiguous communities. The goal will be to gradually phase out longevity as a method of making Elyria's compensation competitive. If base salaries and salary schedules are fair and competitive, longevity and other bonus compensation methods will not be necessary.

H. 1 Consolidate operations to form a general health district

The City of Elyria agrees that under certain circumstances, consolidation of health districts in Lorain County could financially benefit the City of Elyria. That being said, Elyria has tried to advance such conversations to no avail. Elyria participated in a discussion to merge with the Lorain County Health District last year. Those talks failed when the Lorain County Health District stopped talks after some members were reluctant to allow the cities of Elyria and Lorain into the consolidation due to a concern that the urban centers would take a disproportionate amount of resources from other parts of the County. Since then the cities of Elyria and Lorain have collaborated on some issues and through a contract share some services. Thus far, Elyria's more comprehensive approach and commitment to public health in terms of dollars being dedicated, has limited the benefits to Elyria. A more in-depth consolidation of the two cities under a contract seems questionable at best at this time given the inequality of available resources. The creation of a health district between Elyria and Lorain is not a legal option at this time. Under current statutes, Elyria and Lorain have a legal barrier to creating a single health district because the cities are not contiguous.

H. 2 Integrate the Building Department and the Office of Community Development and eliminate 2.0 FTE positions

The City agrees that efficiencies can be created and resources can be reallocated with the consolidation of the Building Department and the Community Development Department. Discussions are underway to identify where like functions can be consolidated and/or shared. Savings will be allocated to fund a critically needed Economic Development Director position to advance the economic development needs of the city including downtown and business district planning and development; business and job retention and expansion, business infrastructure development and more. Ultimately the three functions will be merged to create a focus on City revitalization that allows for shared staff and a shared knowledge center to focus on a common vision.

H. 3 Reduce cemetery staffing by 3 fulltime equivalent positions

In 2012 the City reduced the cemetery staff by 1.4 FTEs. One fulltime position was eliminated and the Cemetery Manager position was given part-time operational management responsibilities in the Building Department. Given that the City has 108 acres, 165 average burials, 45 cremations, 148 lot sales and an annual average of \$89,147 in receipts per year, we do not believe we can reduce beyond 1.4 FTEs and meet the needs of the community. (Please note: there appears to be an error in the number of burials mentioned – the narrative states 165, but the table in the audit references 142.)

H. 4 Reduce staffing in the Engineering Department by 2 fulltime equivalent positions

The City of Elyria disagrees with the recommendation to reduce two staff in the Engineering Department for the following reasons: in-house inspectors save the City thousands of dollars per year, and several very large projects, including unfunded mandates, can be managed more cost-effectively and with more local control using inside staff rather than outside contractors. For each project, the industry standard for inspection cost is 10 percent. Using the example of this year's \$3.1 million water main upgrade project, inspection costs are projected at \$310,000. Using our own inspectors will easily save the city over \$134,000 in inspecting fees on this one project, and there are multiple projects like this on an annual basis. With the unfunded mandates the City is currently facing with storm water management and the upgrade of sanitary sewers in the neighborhood in the amount of \$50 million, we believe citizens will be better served in a more cost-effective, locally controlled way by maintaining more in-house engineering staff. Moreover, to insure that projects are being advanced in the most strategic way, new GIS mapping capabilities have been acquired and tablet computers that allow in-house staff to communicate across job sites and with other departments are creating more efficiencies and helping staff make better decisions.

I. 1 Develop workload measures and training for Communications Department

This administration has requested funding from Council to institute a new time clock system and the New World software municipal management system. The new systems will allow for more effective tracking and monitoring of employee time, thus if adopted, the City can keep better track of hours and costs to specific projects.

I.2 Develop a formal capital budget, capital improvement plan, and preventive maintenance plan

With the City so close to its bond ceiling, it is more imperative than ever that the City plan strategically to insure the best and appropriately-timed use of tax dollars. The City agrees wholeheartedly that it needs a more formal capital budget, capital improvement plan and preventive maintenance plan. In 2012, the new administration began to move in this direction by hiring a City Engineer with capital improvement planning experience. The acquisition of new GIS capabilities in the Engineering Department is helping the City collect the information needed to develop the Capital Improvement Plan. Engineering staff are currently assessing the location of sewers under roads, the condition of water and sewer infrastructure, bridges and roads and city buildings in order to inventory and prioritize needs.

This information will be used to help craft the capital improvement plan and budget and help create a timetable and allocate funds for preventive maintenance to protect these important infrastructure assets in our City. In addition, this inventory will allow us to be better prepared in seeking grant and other funding sources. This information garnered from the Strategic Planning update process will also be used to inform these plans. Other areas to be folded into these plans include fleet management, technology management. A new agreement with Lorain County to store large equipment in the DIY warehouse is part of the City's new preventive maintenance strategy.

I.3 Define fleet management responsibilities

In 2013 a new fleet management, safety and replacement policy was developed, complete with vehicle parameter replacement guidelines and a vehicle/equipment evaluation and documentation process. It is being launched at the time of this writing.

J.1 Outsource refuse services

The City agrees that there can be cost-savings in the area of sanitation, but will elect to take a cautious, incremental change approach to making major adjustments to the new automated trash collection program and other services of the sanitation department before the City decides to privatize sanitation services. Two and a half years ago the previous administration and Council made a decision that something needed to be done to address the aging fleet of refuse vehicles. The vehicles had outlived their useful lives and a decision was made that: (1) Elyria would stay in the refuse business (both commercial and

residential) and (2) a new and different fleet of vehicles was needed to continue. Adding to this decision was the reality that a “different” method of collecting refuse was necessary to reduce and/or eliminate workers compensation claims which were averaging 15% of total city claims prior to the late 2010 conversion to the new system. Since the conversion the claim average is 7%.

To this administration’s knowledge, the option of privatizing sanitation services was not considered and no rate study was conducted to set customer rates for the proposed in-house, automated sanitation services. Had a rate study been conducted, the existing rate of \$22.23 per Elyria resident that was eventually adopted may have been lowered. Taking this into account, and knowing that the City has already invested in training, made a \$3,100,000 capital investment in eight new garbage and recycling trucks and a \$1,071,623 investment in trash cans – this administration proposes that before the City considers privatizing sanitation, that it (1) examine the business model and collective bargaining provisions to identify more cost-saving measures; (2) conduct a rate study to see if it is possible to re-set in-house rates to get the Elyria in-house rate closer to privatized peer averages; (3) continue to make adjustments in the program, and eliminate some current functions, to make the sanitation department more cost-effective as is explained further herein.

The audit observation that the City had an operating loss of \$1,071,623 in 2011 is not based on operational loss, but rather the fact the City chose to expense the trash containers in one year rather than over a period of years. Had the City chosen to expense them over a period of years, the City may not have shown a loss as noted in the audit. That being said, the City currently charges residential customers \$22.23 monthly verses cities like Wooster, Westlake and Cuyahoga Falls that contract out their services and charge customers \$15, \$12.48 and 17.50, respectively. The comparison information in the audit will be used initially as benchmark, as Elyria makes adjustments in sanitation practices.

In the second quarter of 2012, a comprehensive review of the commercial City accounts was completed. This review revealed several billing errors and lack of coordination between the collection function and the billing function. Once this was completed, it was apparent that the commercial sanitation “business” did not cover its costs. As a result of this in-house analysis, the City is currently in the process of eliminating this business function. It is estimated that the commercial sanitation services were operating at a loss of approximately \$11,000 per month, with an annual loss of over \$ 132,000. Eliminating this operation will save approximately \$150,000 annually (including dumping fees) and will allow the re-

assignment of two employees to other collection functions (i.e. brush, tree limbs) during the day, thus saving on overtime.

In an effort to reduce overall sanitation costs – beginning in 2012, the department manager focused on cost savings including longer-wearing tires for the trucks and re-examining the current routes to find fuel efficiencies. These new practices are currently underway and are beginning to show savings. After the review of the commercial accounts and with the ongoing review of the sanitation savings, the decision was also made in 2012 to eliminate the dumpster at the Central Maintenance Garage, which resulted in an immediate savings of over \$20,000 annually.

J.2 Track water loss and infiltration and inflow

The City agrees with the audit that it should better measure water loss through our metering system, thus taking in additional revenue. With 1994 systems currently in place, the City acknowledges that our water “loss” is above the national benchmark. The audit points out that our pumping percentage is approximately 25.8% above our billings. The national average for water “loss” is approximately 16% - thus we could reduce our “loss” percentage significantly with more accurate meter system in place. With a renewed emphasis on water quality and water conservation Elyria’s water facilities and needs must be more closely aligned.

With this realization in mind, in early 2013 the City began to switch out some of the older industrial meters. In one example, a local industry with an older meter went from estimated monthly bills of around \$ 5,000, to accurate readings that yielded billings of over \$ 20,000 per month. In addition to getting more accurate readings, a new meter system will allow Elyria to use newer, more reliable technology. Current radio frequency systems gather readings remotely reducing man hours and eliminating weather/service delays.

Moreover, conversion to the new meter systems can be accomplished with limited out-of-pocket expenses; the meter companies set up systems to allow for “pay backs” from the newly measured water/sewer and return on investment on most of these conversions is under 5 years. The accuracy of meters will also generate revenue contributing to our enterprise funds for sewer and storm sewers improvements. Much of Elyria’s inflow problems stem from our old infrastructure and combination sewers, as noted in the audit. Because Elyria’s old systems cause the unnecessary treatment of storm water, improvements made possible through revenue generated from this source will reduce the cost of water treatment.

The costs to make the infrastructure improvements to both the Wastewater Treatment Plant and the storm water systems are extremely high: in excess of \$80 million. The conversion to a new, more accurate, metering system will produce some needed funding for these projects. With a renewed focus on eliminating storm water infiltration, the City Engineering is working on several projects that will “line” the interior of infrastructure to help eliminate these issues. In early 2012, Elyria began the process of establishing a storm water utility and this work continues; protocols are being drafted and will be rolled out to the public in early 2014. This storm water utility program will allow for revenues to fund storm water projects and will help defer costs out of the sewer debt funds

J.3 Implement late fees on utility bills and adjust the application of payment structure

The City of Elyria agrees that it should implement late fees on all utility bills that are 30 days overdue and adjust the structure of the application of payments, however technology and software upgrades will be necessary to implement these practices, as the current application of payments under the current ACS software cannot be manipulated by Elyria utility personnel. Currently, to make changes or additions to the regular billing cycle requires intervention at a cost to the City by ACS personnel. A remedy to this situation will be the proposed New World municipal software that will allow in-house staff to make billing adjustments and better track delinquent accounts.

Elyria’s Public Utilities Rules and Regulations are updated regularly but do not include late fees – just delinquent fees and turn offs charges/rules. The New World system will allow the City to establish late fees and make the significant software/accounting changes necessary to adjust the payment platform.

J.4 Reduce utility billing staff

This administration continues to look for economies of scale including labor costs. The recommendation of reducing staffing in the Public Utilities Department, whether clerical or non-clerical is heavily dependent on the systems and software that are supporting the Public Utilities office. The current meter reading system is a hybrid of remote and on-site reading that requires rotating cycles of physical readings and meter checks. There are seven billing cycles in the system and meters must be read at the point of service (homes, businesses) in-person. As part of the replacement of the meters and the adjustment to radio frequency meter reading, less man hours will be needed for to address these billing cycles. In fact, with a new consolidated system, the billings can be

processed in less than seven billing cycles due to faster accumulation of data via the automated system.

The automated systems will provide the clerical staff with more accurate readings requiring less billing adjustment work and less billing oversight. This will allow more accounts to be processed per clerical FTE. Currently the Public Utilities Office is already operating with two less clerical staff than in previous years. The administration has not replaced two positions resulting from one retirement and one job bid out. In addition, with the City's conversion to the New World Software system, encouraging more on-line bill payment, and other enhancements with this software conversion will likely result in personnel reductions and can be accomplished over time through attrition or reassignment.

J. 5 Reduce line maintenance staff

As part of the oversight of the City's infrastructure, we understand the need to look at personnel and cross-functionality. In late 2011, the out-going administration added 5 FTES to this compliment at the Wastewater Treatment Plant. These FTES had not been requested by any Department Head/Managers and seemed to be brought on board with no strategic oversight on the type or classification needed or job duties. All of these FTEs were hired as general labor with no required licensure or requirements for licensure and thus they did not help to support an overall strategy of more highly trained, cross functional, licensed personnel. As the City determines its overall manpower needs, we will look at the redistribution of these employees to positions as openings occur in other departments.

Early in 2012 we saw the immediate need for cross training and licensure in many departments including our water and sewer functions. Working towards that goal we continue to support our water license in-house training and seek outside training courses more specific to duties. In order to begin to reduce staffing, some collective bargaining changes to job requirements/licenses are needed in order to "require" cross licensure.

Further savings could be realized if the City had the ability to put these employees on "shifts" again; this is currently prohibited by collective bargaining agreements. Many of the man hours for these departments, including overtime, are weather dependent. With changes to allow for scheduled "off-shifts", overtime costs can be reduced. This would also allow for fewer personnel in the rotation.

The City is currently working towards a consolidation of "public works" by more closely aligning wastewater, water pumping and water distribution functions. Current efforts under the new City Engineer have brought about positive, significant changes in job and work flows, project bidding, oversight and use of forces. This administration and Council will work through the collective bargaining process to address shift and training issues, and will continue to align functions to eliminate duplication of functions.

J.6 Reduce wastewater staff

Upon careful consideration of this recommendation, the City does not believe it can successfully make the majority of the audit's recommended adjustments of reducing wastewater treatment plant staff to peer staffing levels; and eliminating 7 FTE plant operators, 4 plant maintenance FTES and 1 lab technician. The City believes the configuration of the current plant, the complex industrial testing required in an industrial city like Elyria, and the fact that to accomplish these goals the City would have to literally re-design and re-construct large elements of the plant – make these recommendations unrealistic given current financial constraints. We do believe, however, that by proposing some adjustments in the collective bargaining agreement to allow shift adjustments, some limited savings may be available in the area of this department's maintenance staff.

Elyria's \$100 million Wastewater Plant was completely overhauled in the late 1980's. At the time, the plant was upgraded to meet specific OEPA and USEPA guidelines. Elyria's physical plant is located on over 25 acres and consists of nine buildings that are monitored 24 hours per day, every day of the year. Having one employee during second and third shift monitoring this expansive physical plant is unrealistic and unsafe without completely redesigning these facilities. Such redesign costs would take years to pay off in terms of return on investment in personnel savings.

Elyria's Waster Water Laboratory was downsized in 2007 (1 FTE eliminated and not replaced). Current end-plant processing tests, that are conducted daily, cannot be accomplished with fewer technicians. Elyria's complex industrial base, which sends complex discharges to the plant, requires diligent oversight and we believe warrant our current staffing levels. Many of the required tests are multiple-stage, lasting up to six hours per test. Our current lab staff oversees sophisticated complex equipment in excess \$500,000. Additional required tests including water plant sludge tests, digester sludge tests, best press sludge tests and additional NPDES required tests all take time. We feel it unwise to put any

of our current EPA permits in danger due to limiting tests or cutting corners. Any "outsourcing" would be subject to collective bargaining.

As noted in J.5 above, 5 FTES (labor level, non-licensed) were added at the end of 2011 and (noted above) changes to shift compliments would also allow for reduced personnel and overtime costs. The City will continue to pursue these areas for cost-savings.

J. 7 The Parks and Recreation Department should complete a cost benefit analysis and gather community input to prioritize recreational services and implement a cost allocation plan.

The City agrees that there is a need to plan for the future of our city parks, and identify what residents want and are willing to fund. The first park-related priority for this new administration was to successfully identify the funds to help refurbish Cascade Park and negotiate an agreement with the Lorain County MetroParks to take over the daily operation of the park and make additional infrastructure improvements. In 2012 and 2013 the City worked to that end and successfully leveraged and dedicated almost \$1 million in funds to make needed infrastructure improvements to Cascade Park and also negotiated a 50-year renewable agreement for the management of the park with the MetroParks. Those goals being accomplished, in 2013 the City will begin to focus on the future use of other City Parks.

The Mayor, Elyria Parks and Recreation Board and Director have already begun to discuss next steps. Internal costs are being further identified for existing programs and capital needs. Conversations with groups who use the existing recreational facilities are yielding initial thoughts and ideas about future use. Each park, based on their respective neighborhood location, is being reviewed by the Elyria Parks and Recreation Board for use and future use. Multiple use scenarios for each park, with costs and benefits attached, are being developed and will eventually be presented in public forums in late 2013 to provide residents an opportunity to weigh in on setting recreational services and priorities for the City. In the context of these conversations, a priority is how to create an overall business model for the department that is capable of off-setting revenue losses and making the Parks and Recreation Department more self-sustaining.

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Dave Yost • Auditor of State

CITY OF ELYRIA

LORAIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 9, 2013