



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF WARREN
PHASE 3
PERFORMANCE AUDIT

MARCH 28, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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To the Citizens of the City of Warren:

At the request of the City of Warren (the City) to complete comprehensive performance audits of all departments, the State Auditor's Office is pleased to provide the performance audit report for those departments selected to be included in the third phase of this project. The City requested that the performance audits be conducted to provide a resource in the City's ongoing effort to improve the efficiency of its operations, establish internal accountability over the use of tax dollars, improve the quality of life and responsiveness of city government to its constituents, and help address the financial difficulties the City is experiencing.

This report assesses several key City departments, including Finance, Health, Packard Music Hall, and Engineering, Planning and Building. These departments were selected because they are involved with managing the City's funds, providing essential services to its citizens, and providing facilities where music and the arts can be enjoyed. The State Auditor's Office conducted an independent assessment of these departments with the objective of providing recommendations to the City in areas where it can either recognize financial benefits or achieve efficiency improvements in operations and service delivery.

An executive summary has been prepared which includes the project history, City overview, objectives and scope, and methodology of the performance audit. The executive summary also includes a summary of significant findings, commendations, recommendations and financial implications. This report has been provided to the City and its contents discussed with members of City Council and department management. The City has been encouraged to utilize the results of the performance audit as a resource in improving its overall operations, service delivery and financial stability. Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or the toll free number in Columbus, (800) 282-0370. In addition, this performance audit can be accessed on-line through the State Auditor's Office website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

March 28, 2002

EXECUTIVE SUMMARY

Project History

The mayor, the city auditor and the director of public service and safety (City Officials) of the City of Warren (the City) contacted the Auditor of State's Office requesting a performance audit be conducted on all operations within the City of Warren. The City Officials were seeking assistance on how to improve the efficiency of operations and effectiveness of the delivery of services to the citizens of Warren as well as to help address the financial difficulties the City was experiencing. As a result of this meeting, it was determined that because of the City's current financial and staffing conditions, a prioritization approach would be used whereby those operations determined to have the most significant impact on revenues, expenditures and public safety would be the first departments to be assessed, with the remaining departments being reviewed in subsequent phases. The first two phases of the City of Warren performance audit covered: the Income Tax, Operations, Fire, and Police departments, the Municipal Court, and Clerk of Courts. This phase of the performance audit included the following areas:

- Finance department;
- Health department;
- Packard Music Hall; and
- Engineering, Planning and Building department.

Objectives and Scope

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, conclusions and recommendations. Performance audits are usually classified as either economy and efficiency audits or program audits.

Economy and efficiency audits consider whether an entity is using its resources efficiently and effectively. They attempt to determine if management is maximizing output for a given amount of input. If the entity is efficient, it is assumed that it will accomplish its goals with a minimum of resources and with the fewest negative consequences.

Program audits normally are designed to determine if the entity's activities or programs are effective, if they are reaching their goals and if the goals are proper, suitable or relevant. Program audits often focus on the relationship of the program goals with the actual program outputs or outcomes. Program audits attempt to determine if the actual outputs match, exceed or fall short of the intended outputs. This audit was primarily designed as an economy and efficiency audit.

The Auditor of State's Office has designed this performance audit with the objective of reviewing systems, organizational structures, finances and operating procedures to develop recommendations for reducing operating costs, increasing revenues or improving efficiency. Specific objectives of this performance audit are the following:

- Identify opportunities for improving the City's effectiveness, responsiveness and quality of service delivery which is cost beneficial;
- Identify opportunities for improving the City's procedures, work methods and capital asset utilization which should result in higher quality and/or reduced costs;
- Determine if the departments' current organization structure are flexible and effectively structured to meet future demands;
- Evaluate management policies and procedures and provide recommendations for enhanced revenue flows, expenditure reductions, delivery of service or employee productivity; and
- Provide recommendations for the City to use in their attempt to maintain financial stability.

The performance audit on the City covers the following areas of operation:

- Finance department (WFD);
- Health department (WHD);
- Packard Music Hall (PMH); and
- Engineering, Planning and Building department (EPBD).

Methodology

To complete the performance audit, the auditors gathered and assessed a significant amount of data pertaining to the City's operations; conducted interviews with various groups associated with the City, as well as national trade organizations and peer cities; and reviewed information from the peer cities, other government entities and private nonprofit organizations. The methodology is further explained below.

Studies, reports and other data sources

In assessing the various performance audit areas, the City was asked to provide any previous studies or analyses already prepared on the subject areas. In addition to reviewing this information, the auditors spent a significant amount of time gathering and assessing other pertinent documents or information. Examples of the studies, reports and other data sources which were studied include the following:

- Health ordinances;
- Various revenue, payroll, expenditure and budgetary reports from the City's financial systems;

- Various management reports generated from systems within the finance; health; engineering, planning and building; and Packard Music Hall;
- Negotiated labor contracts;
- Various departmental policies and manuals;
- Ohio Department of Transportation Construction and Maintenance Specifications Manual, Ohio Board of Building Standards, and American Public Works Association management practices;
- GFOA recommended financial practices; and
- Various sections of the Ohio Revised Code.

Interviews, Discussions and Surveys

Numerous interviews and discussions were held with many levels and groups of individuals involved internally and externally with the City. These interviews were invaluable in developing an overall understanding of the City's operations and, in some cases, were useful sources in identifying concerns with the City's operations and in providing recommendations to address these concerns. Examples of the organizations and individuals that were interviewed include the following:

- The mayor, the city auditor, and the city treasurer;
- The director of engineering, planning and building;
- The deputy health commissioner;
- The Packard Music Hall auditorium manager;
- Various department and Packard Music Hall staff;
- Various state officials, as well as representatives from other municipalities;
- Representatives from private, nonprofit performance halls; and
- Private vendors specializing in technology.

Benchmark Comparisons with Other Cities

Two municipalities, Mansfield and Middletown, were selected to provide benchmark comparisons with the City of Warren's finance, engineering, planning and building functions. Elyria, Marion and Middletown provided peer comparisons for the health department. Stambaugh Auditorium (Youngstown, Ohio), Powers Auditorium (Warren, Ohio), and Crouse Performance Hall (Lima, Ohio) were used in the analysis of Packard Music Hall. The aforementioned cities and performance halls were selected based upon demographic and operational data. Performance indicators were established for the various performance audit areas to develop a mechanism for determining how effectively and efficiently the City of Warren is providing services. The information was gathered primarily through information requests and interviews held with appropriate personnel at each city or auditorium. Key comparative data for the City of Warren and the respective peers is presented in each section of the report.

Project Overview

The City is located in Trumbull County in northeastern Ohio. The City functions as the county seat and encompasses approximately 16.3 square miles. Over the past eight years, the population has steadily decreased. The estimated 1998 population of 46,866 represents an 8.0 percent decrease from the 1990 population of 50,793.

The WFD is responsible for the City's financial matters including financial reporting, budgeting, accounts payable and payroll processing. WFD is also responsible for collecting all monies from state and federal sources as well as local property taxes. However, the City Treasurer is responsible for investing City funds. The City does not appear to provide the same level of budgeting and financial reporting to the public for the City's finances when compared to the peers. The City's budgetary process does not facilitate community involvement or link the budget to specific goals and performance measures. Additionally, WFD does not prepare a five-year forecast or a Comprehensive Annual Financial Report (CAFR) which could provide City managers and the general public with a more comprehensive understanding of the City's financial situation. Also, the City could implement improvements in the payroll process that would increase accuracy and timeliness while decreasing payroll costs. Furthermore, the City's investment activities prevent the City from investing in instruments that could potentially provide more revenue. The City's investment activities should be improved through diversification and increased monitoring of interest rates to identify other investment opportunities that may provide additional investment revenue. Overall, the City could improve the efficiency of its financial operations by implementing several procedural changes and best practices identified throughout this performance audit.

WHD is one of 55 city health districts in Ohio. WHD conducts environmental health inspections, provides health service programs and maintains birth and death records for all of Trumbull County. Due to inadequate staffing at WHD, a number of important health-related services were not performed at a level consistent with the community's needs. WHD has not been aggressive in pursuing grant funding or actively participating in grants received by Trumbull County which could help to fund services in the City. By partnering with appropriate organizations such as Trumbull County and actively pursuing grant funding, the City can fund positions and activities to better meet the health-related needs of the community.

PMH is owned and maintained by the City and governed by the Packard Park Board of Trustees. PMH generates revenues through rental fees and receives a subsidy from the City to support operations. PMH hosts a variety of cultural, entertainment and civic events each year. While PMH has developed a working strategic plan with broad goals and objectives, the City has not defined the purpose for the City auditorium. In order for PMH to move forward with the implementation phase of its strategic plan, the City must determine PMH's purpose and the financial support the City and the community is willing to provide to assist PMH in fulfilling that purpose. Based on current estimates, PMH's capital needs would cost approximately \$9 million. The support and involvement

of the City and other key stakeholders is necessary for PMH to prioritize its goals and to determine the staffing and resources necessary to implement those goals. Historically, PMH has relied on its low rental rates as its primary source of earned income. PMH has identified and begun implementation of other revenue options such as box office operations and in-house liquor and concession sales. Additionally, PMH has applied to establish a 501(c)3 foundation that will be able to assist PMH through fund-raising efforts. PMH should also pursue funding through the Ohio Arts and Sports Facilities Commission to address the estimated \$9 million in capital improvement needs.

WEPBD is responsible for the care and upkeep of the city's infrastructure including the design, inspection and standards enforcement for all paving, storm drainage, sanitary sewer and other infrastructure improvement projects, as set forth in the City's codified ordinances. WEPBD also enforces City zoning ordinances and building codes and maintains most of the City's permanent infrastructure records, plats and deeds. The City's roadways are in extremely poor condition. WEPBD has been aggressive in seeking federal and state funding for road improvements. However, inadequate local operating revenues have led to the WEPBD being underfunded resulting in deferred road improvements in the City. Deferred road improvements have led to an increased cost for performing much needed rehabilitation or reconstruction repairs of local roadways. Passing two additional motor vehicle levies could generate approximately \$421,000 in additional revenues annually and help to offset the estimated \$70 million cost for necessary road improvements. Also, the City's building and planning divisions have not adequately used technology to track, monitor, and report activities resulting in insufficient information to quantify division costs and staffing needs. Better utilization of this technology could assist the division in making management decisions to better ensure appropriate use of resources and high levels of productivity.

Key Findings/Recommendations

The performance audit report and executive summary contain a number of findings and recommendations pertaining to the City's operations. The following are the key findings and related recommendations:

- During the May 8, 2001 election, the citizens of Warren approved a 0.5 percent income tax increase. In order to obtain the additional income tax revenue, the City promised citizens that the money would be used for safety services such as fire and police. However, the City has not specifically outlined in the budget process how the money will be allocated and spent.

Since the citizens placed confidence in the City by passing a 0.5 percent increase to the City's income tax, the City should be held accountable for how the additional revenue will be allocated and spent. The City should accomplish this by providing a breakdown of how the additional income tax revenue will be allocated and spent in the budgetary process.

- The City does not produce a Comprehensive Annual Financial Report (CAFR). The CAFR takes GAAP basis reporting, budgetary reporting and socioeconomic reporting that coupled with financial reporting creates a financial report issued with complete disclosure.

The City should prepare a CAFR. The CAFR contains detailed information for citizens to review and builds citizen confidence in government accountability. In addition to citizens, other groups that use the CAFR and rely on it consist of agencies that rate state and local governments for the purpose of the sale of bonds.

- The City has two payroll timekeeping systems to capture payroll information: Kronos Timekeeper Central and a manual record keeping system. The current method for collecting payroll information varies from department to department and is a labor-intensive process involving some duplication of effort.

The City should consider implementing the Kronos Timekeeper software for all departments. Elimination of current manual time collection activities would result in labor savings to the City of approximately \$1,900 annually.

- The treasurer is authorized by the ORC and the City's investment policy to make the investment decisions and use diversification strategies to eliminate the risk of loss resulting from over concentration in a specific maturity, a specific obligor or a specific class or type of security. However, the City invested the majority of available funds (60 percent) in certificates of deposits (CDs).

The City should consider diversifying the City's investment portfolio to include other investment instruments that could potentially increase the City's investment revenue by an estimated \$50,000. Because safety and liquidity are important, the City should seek to reduce portfolio risk as much as possible in its investment policies through appropriate diversification of investments in the portfolio and investment in securities of varying maturities.

- WHD has a lower staffing level than any of the peers and has almost seven full-time equivalent employees less than the peer average. Based on a comparison of nursing staff levels and the types of programs and services currently provided, WHD is understaffed in public health. Layoffs in both nursing and clerical staff have reduced WHD's level of services provided.

WHD should increase the level of service that it is currently providing in order to improve its performance and better meet the health needs of the community. Given the constraints of current financial condition, WHD should look to immediately increase its staff levels in the public health division by one full-time nurse and a 0.60 FTE clerk in order to increase its immunization, lead testing and head lice outreach activities. This increase in staffing is estimated to cost the City approximately \$53,500 annually. Potentially, WHD should further increase its staff in the future based on either improved financial conditions or by more aggressively attracting grant funding.

- WHD has a higher number of sanitarians than the peer average. However, WHD also has a higher number of inspections per sanitarian and is generating over 300 more inspections per sanitarian than the peer average. WHD is implementing new procedures in the area of food inspection that may reduce its workload.

WHD should monitor its caseload per sanitarian and assess the effects of the initiatives discussed in the report to determine if its staffing remains appropriate. WHD should use benchmarks and performance measures to assess workloads. By developing performance measures and monitoring caseloads, WHD will improve its ability to manage its staffing levels and may be able to realize cost savings or increase its level and range of services.

- WHD relies heavily on fees to fund its operations. WHD relied on fees for 66 percent of its revenue compared to the peer average of 19.0 percent. In addition, WHD receives only 9.5 percent of its budget from state or grant sources. The lack of grant activity is partially because Trumbull County has made a practice of applying for grants that cover WHD's district. While WHD consents to this activity, it receives no portion of the grant and is not involved in the implementation of the grant within its district.

WHD should make applying for grants a priority in the department. It should specifically seek to increase its grant awards from the Ohio Department of Health (ODH), as well as from other sources. An increase in grant awards will allow WHD to increase its program offerings for clients and improve its educational outreach activities. An estimated increase in grant revenues of \$390,000 annually will also reduce WHD's reliance on fees and the General Fund for revenue sources. In addition, WHD should seek to fully participate in any grants that Trumbull County applies for jointly with WHD.

- The State of Ohio has created new food establishment regulations, effective in March 2001. The new regulations include significant changes in rules for food establishments. In order to cope with the new regulations, WHD has created a position of Food Programs Coordinator. The Food Programs Coordinator will educate food establishment operators about the new regulations, help develop a new fee structure for food establishments and help develop policies.

WHD should make the food programs coordinator a permanent position. The food programs coordinator position can greatly enhance WHD's food inspection activities and improve WHD's responsiveness to health threats and complaints. The annual salary increase for this position will be approximately \$2,080.

- WHD had a high number of reported cases of communicable diseases, almost twice the peer average. In addition, the City's total number of communicable disease cases reported is a higher percentage of its total population than for the peers. In looking at the method of transmission for the diseases, approximately 78 percent of the City's communicable diseases are sexually transmitted.

WHD should increase its outreach and educational activities related to the transmission of sexually transmitted disease. Staffing increases may be necessary for WHD to engage in educational outreach. In addition, WHD should consider developing an advisory group or taskforce that could pool community resources to deal with this issue.

- PMH does not have a clear mission to guide management decision-making regarding funding and operations. The Packard Board hired a consultant to facilitate strategic planning and held community meetings with PMH's major stakeholders.

PMH should continue to involve the City and other stakeholders in determining priorities and developing an implementation plan. The City should decide, based on community input, PMH's mission and the services it should provide to the citizens of Warren. Additionally, the City should determine the appropriate level of the City's financial support including an evaluation of the feasibility of PMH becoming a separate, private, non-profit entity.

- PMH does not appear to have sufficient staffing to perform necessary maintenance and operations duties.

PMH should determine the appropriate maintenance staffing level based on the mission, goals and objectives established in its strategic plan.

- PMH requires a larger percentage of subsidy to fund operations when compared to the peers. PMH relies on rental income while the peers have established 501(c)3 non-profit foundations that conduct fund-raising activities and developed other sources of earned income such as liquor and concession sales and box office operations. PMH has begun to implement these initiatives in addition to increasing PMH's rental rates which were well below the peer average.

In conjunction with its strategic plan, PMH should establish a 501(c)3 foundation to support its operations through fund-raising, promoting programming and recruiting volunteers. PMH should also continue to develop other sources of direct operating revenue in order to minimize its operating deficit and decrease the subsidy amount required from the City. The City could save approximately \$60,000 annually if PMH increases its percent of revenue from earned income to the peer average of 44.0 percent. Additionally, the City could save another \$23,000 annually through increases in PMH's base rental rate.

- The PMH facility is in need of building renovations and equipment replacement. PMH does not have a plan in place for capital improvements, maintenance or replacement. Additionally, PMH allocates little funding for maintenance or capital outlay. A study commissioned by the Packard Park Board estimated PMH's capital improvement needs to total \$9 million.

The Packard Board should develop a capital plan and an equipment replacement plan to identify immediate and long term facility needs. PMH should also determine the appropriate costs for maintaining the facility. The City and other stakeholders should assist PMH in identifying revenue sources for one-time and ongoing facility costs to meet PMH's many capital, maintenance and equipment needs. Additionally, PMH should apply for Ohio Arts and Sports Facilities Commission funding for major renovations and equipment replacement. The proposed Packard Music Hall Foundation could conduct capital campaigns to raise matching funds to enable PMH to be eligible for the OASFC funding.

- The City has not pledged adequate operating funds nor has it identified other sources of funding that will enable the City to adequately invest in its road infrastructure. Funding for roads has not been stable over the past three years and there is no fixed source of funding for road or infrastructure improvements.

The City should identify a fixed funding source to pay for roads, bridges and other infrastructure improvements and should secure and maintain additional sources of revenue to enable implementation of a long term plan or strategy for local road infrastructure improvements. Passing of two additional motor vehicle levies could generate approximately \$421,000 in additional revenue for the City.

- WEPBD does not have the software to store maps and plats in an electronic format despite the department's requests to the City's Computer Steering Committee. Trumbull County is in the process of converting all county maps and plats into a digitized format using Environmental Systems Research Institute's (ESRI) ArcInfo and ArcView. The County geographic information system (GIS) will eventually include building layouts, roadways, center lines and other attributes and will be available to municipalities.

The City should purchase GIS software, such as ESRI's ArcView, so it can take advantage of digitized County infrastructure data. This software will allow the City to store maps and plats in a secure manner and will serve as a management information tool to assist the City with strategic and other planning activities. A GIS system benefits the citizens through ease of access to City and County parcel information and improved service delivery. A GIS software system would cost the City approximately \$8,000.

- WEPBD has inadequate documentation to support that construction and material inspections and appropriate levels of oversight are performed in accordance with ODOT specification standards.

WEPBD should conduct inspections and material testing for all road improvements in the City in accordance with established standards and maintain proper documentation in WEPBD files. Inspections help ensure the City receives high quality materials and services.

The remainder of the executive summary is organized by report sections in order to highlight additional findings, recommendations and commendations from those areas of the audit report.

Finance Department

Background: The operations in the finance department revolve around administrative functions as well as accounting and reporting responsibilities for the entire City. In addition, the finance department is responsible for the disbursement functions including accounts payable and payroll. Financial reporting is a main function of the finance department including preparation of daily, monthly and annual reports. The department employs six full time equivalents (FTEs), which includes a city auditor, a deputy auditor, two accountants, a payroll specialist and a secretary.

Findings: A summary of additional findings in the finance department section includes the following:

- WFD is responsible for the City's budgeting process. However, the City does not have a formal policy outlining when specific budgeting activities need to be completed.
- There is no community involvement in the budget development or approval process other than public city council meetings that include the budget in the agenda.
- WFD does not have a policy and procedures manual documenting all the procedures and processes within the department. In addition, employees within WFD have minimal cross-training in each job function.
- There are risks of inaccuracies in the City's payroll data due to the short one week lag in payroll processing.
- The Governmental Accounting Standards Board (GASB) issued Statement No. 34 in June 1999. This statement was developed to make financial reports easier to understand and more useful for oversight bodies, investors and citizens. GASB 34 will significantly change annual financial reporting, which is a primary responsibility of WFD.
- The City only used local banks to complete financial transactions for investments in 1999 and 2000.
- In 2000, WFD was required to eliminate all discretionary spending due to budget reductions. As a result, WFD reduced the amount of additional training opportunities offered to employees. The budget reduction resulted in three of the department's employees receiving no formal training for other responsibilities in at least two years.

Recommendations: A summary of additional recommendations in the finance department section include the following:

- WFD should consider developing a formal timetable that outlines when specific budgetary activities should take place. A budgetary timetable would ensure citizens that the City is using the highest level of fiscal integrity and efficiency to accomplish the budgetary process.
- The City should present a concise summary and guide to the key issues and aspects of the operating components of the budget to ensure the education and involvement of the public.
- WFD should create an updated accounting manual for the entire department divided into the functions performed. The policy and procedures manual should document all procedures and processes within the department so that the manual could be used by all employees.
- The City should increase the lag time between the payroll period end date and the actual pay date to allow the City extra time to ensure the accuracy of the payroll.
- The City should develop a GASB 34 implementation plan to document how the City intends to comply with the new reporting model. Proper research and documentation are essential to successfully completing the conversion to the new reporting model.
- The City should require the treasurer and Treasury Investment Board to explore additional financial institutions that could provide additional investment opportunities for the City.

- WFD should budget money as it becomes available for training opportunities that would assist the department in improving operations. WFD should consider sending employees to attend training classes regarding converting the City from the cash-basis of accounting to the required modified accrual basis of accounting. The \$1,000 cost of providing attending this type of training would be offset by the \$11,000 the City pays for an outside CPA to perform the conversion.

Health Department

Background: WHD is organized into three functional divisions: environmental health, public health and vital statistics. Environmental health functions of WHD include inspecting food establishments, inspecting rental housing and vacant residential structures, and investigating nuisance complaints. The environmental health division also inspects swimming pools (public) and spas, septic systems, massage establishments, tattoo establishments and public and private schools. WHD's public health division provides a number of health service programs including child and adult immunizations, head lice checks, a county-wide sexually transmitted diseases clinic, a dental sealant program for children, Bureau of Children with Medical Handicaps(BCMh) services, and Welcome Home services for new mothers. The vital statistics division maintains birth and death records as well as burial and crematory certificates. While most local health districts only maintain vital statistics for their own jurisdiction, WHD handles these records for all of Trumbull County.

At the time of this audit, the health department employs 10.82 full time equivalents (FTEs), including a deputy health commissioner, a vital statistics supervisor, nurses, registered sanitarians, and support staff. WHD also contracts with one dentist, two dental hygienists and one dental assistant. The health department's FY 2000 total expenditures totaled approximately \$690,000.

Findings: A summary of additional findings in the health department section includes the following:

- WHD does not use formal benchmarks to measure its operational performance. In addition, it does not appear to use any efficiency measures in its management decision making process.
- WHD is not currently engaged in any needs assessment activities for its programs. As a result, WHD does not appear to have a clear understanding of the needs of its target clientele.
- WHD's housing program includes inspecting and permitting rental units. However, WHD does not seek out unregistered rentals and could not provide an estimate of the number of unregistered rentals in the city. Inspecting rental units helps to maintain the quality of housing available in the City.
- WHD currently has 104 homes that are waiting to be demolished. They have not been demolished due to a lack of funding. WHD has been unable to recoup the costs for demolishing these structures from the property owners. It would cost WHD \$239,200 to demolish all of these structures. WHD currently has no plan to determine when these homes will be demolished.

- WHD houses a property maintenance code inspector to investigate nuisance issues related to community development. The position allows the sanitarians to more effectively use their time on investigating more complex complaints.
- WHD is addressing new state food program regulations proactively through the creation of a new food programs coordinator position. The food programs coordinator has conducted several seminars to educate establishments about the new regulations and is developing policies to standardize reinspections.
- WHD does not currently conduct any educational outreach activities as part of its public health program. However, WHD plans to be engaged in outreach activities as part of a pilot program.
- While WHD collaborates with the Trumbull County Health Department on a number of initiatives, it has not built strong relationships with other community organizations. WHD does not engage in any joint activities with either of the hospitals in the city. As a result, WHD may be missing opportunities to share resources.
- WHD does not keep electronic records of vital statistics. As a result, it is labor intensive for vital statistics staff to locate files with incomplete information. WHD estimates that purchasing computer equipment to begin keeping electronic records would be \$36,000.
- WHD currently keeps all its birth and death certificate records on paper. The files are not stored in a fire-protected or water-proof environment. If these records were damaged, WHD would lose the ability to issue certificates and all revenues from this activity if its files were destroyed.

Recommendations: A summary of additional recommendations in the health department section includes the following:

- WHD should develop program performance measures for each program activity and should develop a methodology to collect and analyze the results of internal and external performance data.
- WHD should conduct a needs assessment to determine the needs of its clients, the quality of service provided, areas for improvement, and needed programs. The needs assessment should also be used to look for ways to increase awareness of services among potential clients and examine the effectiveness of current outreach, marketing or public relations efforts.
- WHD should evaluate its efforts in tracking non-registered rentals. Inspecting rental units helps the city maintain the quality of the rental housing stock by knowing where rentals are located and by conducting inspections. WHD should develop a system for formalizing coordination with other departments to identify rental units.
- WHD should create a plan with a time line for demolishing condemned structures. The plan should include a process and criteria for ranking the properties by their risk to public health. The plan should address the costs for demolition and consider possible funding options. WHD should also carry out all necessary steps to assess property owners for demolition costs.

- WHD should develop educational outreach programming. WHD should examine the program areas in which it lags behind the peers and determine if it should be providing additional service in these areas.
- WHD should develop stronger relationships with hospitals in the city to pool or increase resources and to identify public health issues that could be jointly addressed. WHD should also build stronger relationships with local health-related community groups and universities.
- WHD should begin to investigate electronic capabilities and requirements to prepare itself for a transition to electronic record keeping.
- WHD should begin storing original birth and death certificates in fire safe cabinets. It would cost WHD approximately \$18,000 to purchase the necessary cabinets.

Commendations: A summary of commendations in the health sections includes the following:

- WHD's property maintenance code inspector is located in the same department as the sanitarians. By placing the inspector with the sanitarians, the City should be able to make more efficient use of the sanitarians' time.
- WHD has taken a proactive approach addressing the new state food program regulations. WHD has demonstrated a strong focus on educational outreach. In addition, the creation of the food programs coordinator position will help ensure that WHD policies are followed consistently and that inspections occur in a timely manner.

Packard Music Hall

Background: PMH is a City auditorium governed by the Packard Park Board of Trustees (Packard Board). The Packard Board and the City are responsible for the operations and maintenance of the auditorium. PMH is staffed by an auditorium manager, assistant auditorium manager and three operations and maintenance employees. PMH generates revenues through rental fees and receives a subsidy from the City to support operations. PMH hosts a variety of cultural, entertainment and civic events, and serves a market area of about 300,000 residents in the Youngstown-Warren regional area.

Findings: A summary of the significant findings in the Packard Music Hall section includes the following:

- PMH and Stambaugh's FY 2000 payroll costs as a percentage of total expenditures are about the same. However, Stambaugh's total payroll costs are approximately 18.0 percent less than PMH's payroll costs and Stambaugh employs 50.0 percent more staff. Stambaugh is able to keep payroll costs lower while maintaining more staff by using part-time employees for housekeeping and maintenance positions.
- PMH's rental rates are well below the peer average. PMH's highest rental rate per hour is approximately 50.0 percent less than the peer average.

- PMH has not developed a systematic method for evaluating program outcomes or customer satisfaction.

Recommendations: A summary of the significant recommendations in the Packard Music Hall section includes the following:

- PMH should consider integrating part-time and volunteer staff into its staffing mix. This is consistent with industry practice and would allow PMH more flexibility to staff events occurring outside the typical work day. By using part-time and volunteer staff, PMH will reduce overall payroll costs while increasing staffing.
- PMH and the Packard Board should review rental rates and determine an appropriate rate structure. The Packard Board should review rental rates and make necessary adjustments annually.
- PMH should develop a formal methodology for evaluating program outcomes and customer satisfaction. Performance measures should be aligned with PMH’s goals and objectives and include specific, measurable criteria to evaluate performance.

Commendations: A summary of the significant commendations in the Packard Music Hall section includes the following:

- PMH’s strategic planning process encouraged key stakeholder involvement and created a partnership with KSU-Trumbull. Community and stakeholder support is necessary for PMH to be successful in developing effective programming and services.

Engineering, Planning and Building Department

Background: WEPBD primary responsibility is to maintain city infrastructure and enforce zoning ordinances and building codes in a manner which ensures quality services and prevents loss of useful value. Additionally, WEPBD registers and maintains files on various types of contractors working within the city limits and maintains most of the city’s permanent (infrastructure) records, plats and deeds. The responsibilities also include the design, inspection and standards enforcement for all paving, storm drainage, sanitary sewer and other infrastructure improvement projects.

WEPBD has three divisions: engineering, planning, and building. The supervisor of each division is charged with day-to-day oversight and reports directly to the WEPBD director. The assistant engineer and the planning director assist the WEPBD director in managing and directing department operations. At the time of this audit, the WEPBD was comprised of 12 full-time equivalent (FTEs) positions.

Findings: A summary of additional findings in the Engineering, Planning and Building Department section includes the following:

- WEPBD management lacks tools for tracking and managing workload drivers (inspections, permits issued, etc.) for assessing each division's effectiveness or efficiency and the appropriateness of staffing levels. Key workload indicators are not measured and adequate performance records do not exist. This data is necessary for assessing and determining appropriate staffing levels.
- The City received supplemental funding from the Eastgate Development and Transportation Agency and the Metropolitan Planning Organization for Mahoning and Trumbull counties for four of the City's projects. This supplemental funding allows the projects to receive 100.0 percent federal funds.
- The City is only required to use ODOT specifications for road improvement projects using State or federal funds. However, the City uses these specifications for local road improvement projects to help cut back on the high cost of engineering consultant services.
- The engineering division encouraged the Engineer Aide IV and III to seek certification in concrete field testing through the American Concrete Institute. Concrete field-testing certification will allow the City to ensure a high quality concrete substance and ultimately increase the life span of the City's roadways.
- The City reviews employees' charge-ability rate and utilities' costs for all festivals and special events requiring City assistance. The City determines charge-back rates for these services to avoid using general fund monies to cover these costs.
- The engineering division's current survey work does not use technology effectively. Engineering aides spend approximately 30.0 percent of their time surveying roadways and document survey data by hand.
- The City does not conduct cross-training of inspectors. Electric and plumbing inspectors are not cross-certified to function as building inspectors or cross-trained to perform other inspection functions. This may result in an increased number of trips to each job site and an increased cost for each inspection performed.
- The building division issued 208 building permits during the winter months which represents about 12.0 percent of the total permits issued for the year. However, WEPBD does not use inspectors to perform other critical building and planning functions during slow periods.
- The City does not currently monitor its costs and fee structure compared to other cities. This is an important activity because fee structures can encourage or deter developers or homeowners from improving or building homes in a locality.
- The City's building division purchased an Integrated Code Enforcement System (ICES) designed for tracking, managing and reporting property activities. However, WEPBD does not use the ICES system to its full capacity. As a result, WEPBD is unable to easily quantify costs and staffing needs for key building division functions.
- WEPBD has a separate planning director position while peer cities' planning personnel report to department directors. WEPBD's director indicated a desire to restructure the division to eliminate the planning director position and staff the division with two zoning and planning technician positions.
- The City has not updated its comprehensive plan and does not appear to be engaged in any

long-range comprehensive planning. Additionally, planning is not tied to community and economic development issues.

Recommendations: A summary of additional recommendations in the Engineering, Planning and Building Department section includes the following:

- WEPBD should develop and implement a performance measurement system to measure department and division effectiveness. The performance measurement system should include workload drivers, performance measures and benchmarks for the department as a whole and each division. WEPBD should analyze performance data on a regular basis and use it as a basis for management decisions such as allocation of resources and appropriateness of staffing levels.
- The engineering division should consider purchasing a total field surveying unit in addition to SurvCadd surveying software at an estimated cost of \$4,000. By upgrading the surveying technology and providing the appropriate amount of training, the City would have the ability to improve the efficiency of the engineering division's internal operations.
- WEPBD should maximize productivity among inspectors by hiring or contracting with cross-certified inspectors for vacant inspector positions. WEPBD should cross-train its inspectors to perform other-related inspections whenever possible. By employing cross-training and cross-certified inspectors, the City will be able to improve productivity of inspectors by maximizing the use of existing employees.
- WEPBD should monitor how effectively inspectors' time is used during slow periods to determine whether new tasks associated with the building or planning division could be incorporated into their job descriptions. Allocation of these duties among inspectors may reduce the number of additional employees needed to fill critical voids in the building or the planning division.
- The City should develop and implement a process for ensuring permit and other fees accurately reflect the cost that the City incurs performing services. Although the building division's expenditures are similar to their revenues, the City should continually review the permit fee structure to make sure fees are reasonable.
- The building and planning divisions should better utilize the ICES software system for recording all job tasks and producing management reports on the building and planning divisions' productivity and service levels. This may require an ICES refresher training course for staff.
- WEPBD should analyze the City's planning functions to determine if the City should reorganize the planning division and eliminate the planning director position. If the planning functions are being coordinated sufficiently among the departments or divisions, a planning director position may not be necessary.
- The City should develop a process for on-going, long-range planning that links zoning and

development issues. The comprehensive planning process should include participation by the City's major stakeholders.

Commendations: A summary of commendations in the Engineering, Planning and Building Department section includes the following:

- The City was awarded supplemental federal funding for four projects because of the engineering division's readiness to proceed with the transportation projects. Through the supplemental funding program, the City was allocated \$166,530 in FY 2000 and FY 2001. Supplemental funding allows the projects to be funded completely by federal dollars.
- Although the engineering division is only required to use ODOT specifications for State or federally funded road improvement projects, the division also uses these specifications for local road improvement projects. Using ODOT specifications for local projects allows the department to cut back on high costs associated with designing and drafting services.
- The engineering division encourages the Engineering Aides IV and III to obtain certification in concrete field testing (grade 1). Concrete field testing certification will allow the city to be pro-active by seeking adequate training on how to properly perform, record and analyze the testing results on freshly mixed concrete to determine the quality of the substance.
- By reviewing and charging back labor and service costs (employee overtime, water and electricity) that are directly related to the festivals and events, the City avoids using General Fund revenues to completely subsidize these expenditures.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which the City of Warren should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Ref. No.	Recommendation	Estimated Cost Savings (Annual)	Estimated Additional Revenues	Estimated Implementation Cost One Time and [Annual]
Finance Department				
R2.16	Train employees to perform the accounting conversion in-house rather than outsourcing	\$11,000		\$1,000
R2.21	Reduce overtime costs by implementing changes in payroll processing	\$1,900		
R2.23	Increase the use of direct deposit	\$9,000		
R2.26	Diversify investment portfolio		\$50,000	
Health Department				
R3.6	Receipt of additional grants ¹		\$390,000	
R3.8	Not filling vacant sanitarian position	\$27,750		
R3.9	Creation of food programs coordinator position			[\$2,080]
R3.19	Addition of one full-time nurse and increase of clerk from part-time to full-time			[\$53,500]
R3.23	Purchase of fire proof cabinets for vital statistics			\$18,000
Packard Music Hall				
R4.8	Develop other sources of earned income	\$60,000		
R4.9	Increase in Packard Music Hall's base rental rate	\$23,000		
Engineering, Planning and Building Department				
R5.2	Credit card terminal, printer and cash register system			\$1,500
R5.3	GIS software system			\$8,000
R5.7	Passing of two additional motor vehicle levies ²		\$421,000	

Ref. No.	Recommendation	Estimated Cost Savings (Annual)	Estimated Additional Revenues	Estimated Implementation Cost One Time and [Annual]
R5.15	Total field surveying unit in addition to SurvCadd surveying software			\$4,000
R5.17	Elimination of the planning director position	\$8,000		
R5.28	ICES training course			\$1,140
Total		\$140,650	\$861,000	\$33,640 [\$55,580]

¹ Retaining additional funding through grants would allow the City to further expand the health programs it offers to its citizens.

² Revenue will help offset \$70 million cost for infrastructure needs as indicated by the City.

The financial implications summarized above are presented on an individual basis for each recommendation. The magnitude of cost savings associated with some recommendations could be affected or offset by the implementation of other interrelated recommendations. Therefore, the cost savings, could vary depending on the implementation of the various recommendations.

Finance Department

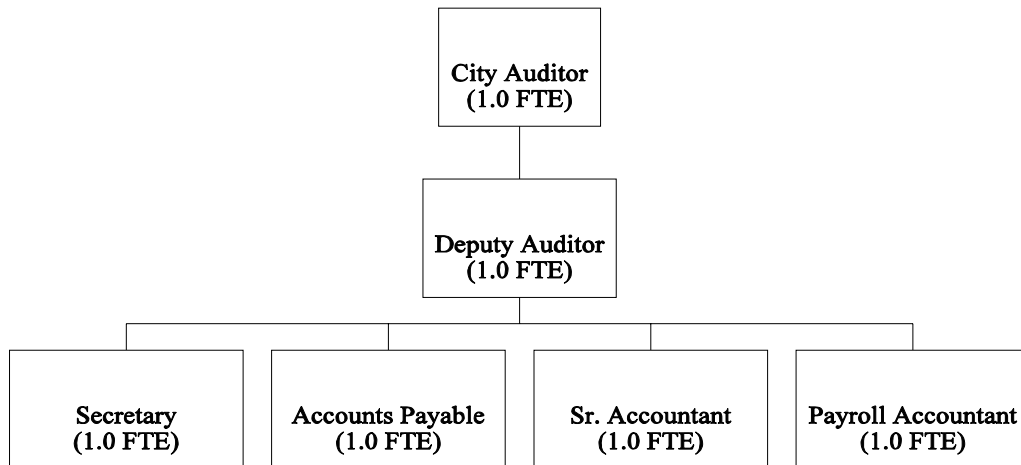
Background

The City’s Finance Department (WFD) is responsible for all financial matters such as financial reporting, budgeting, accounts payable and payroll processing, except the actual collection of fees and income tax revenue and the investment of any available funds. WFD is also responsible for collecting all monies from state and federal sources as well as local property taxes. Several departments collect fees including the treasurer who collects income tax revenue. The treasurer is also responsible for investing City funds. This section focuses on the City’s financial activities performed by WFD and the City’s investment activities. Peer comparisons are also made to the cities of Mansfield and Middletown.

Organization Chart

The organizational structure and staffing levels of WFD are depicted by the following chart.

Chart 2-1: City of Warren Finance Department Organization Chart



Staffing

The City employs a total of six people in the finance department: a city auditor, a deputy auditor, two accountants, a payroll specialist and a secretary. The department does not use temporary or part-time employees.

The city auditor is elected to a four-year term and is responsible for the management and direction of WFD. The following lists the city auditor's key responsibilities:

- Approval of all bank and general ledger reconcilements;
- Approval of all payroll journal entries;
- Analysis of monthly budget performance reports;
- Participation in committees deemed necessary to the successful operation of the City's executive branch;
- Present information on the City's financial condition by attending all city council and finance committee meetings; and
- Prepare all required financial reports for the public including, but not limited to, annual reports and cash and investment portfolio reports.

The deputy auditor assists the city auditor in the performance of all responsibilities listed above. Additional responsibilities of the deputy auditor include directly supervising staff, updating grant requests, reviewing and approving of all invoice payments and approving of all risk management fund claims.

The senior accountant is responsible for reconciling bank accounts and the general ledger, establishing and tracking the City's escrow accounts, and tracking expenditures for community development and capital projects. Other duties include posting adjusting journal entries to the general ledger, both automated and approved and maintaining the City's fixed asset listing.

The accountant processes system entries for accounts receivable and accounts payable, monitors open encumbrances and blanket certificates, maintains and tracks all contracts and provides assistance to the secretary.

The payroll accountant is responsible for all payroll accounting, check issuance and transmission of payroll data to the local bank for direct deposit transactions. This includes preparation of quarterly and annual employer tax forms. Other duties include answering employee questions concerning payroll and benefit payments.

The department secretary provides clerical support, accounts payable and receivables assistance, and serves as a backup to the accountant.

Summary of Operations

The city auditor, who has been in office since January 1996, oversees the operations of WFD. The department consists of six full-time employees including the city auditor, deputy auditor, senior accountant, payroll accountant, accountant 1 and financial secretary. The staff members report to the deputy auditor, who in turn reports to the city auditor. WFD employees were not affected by the city-wide layoffs that took place over the past couple of years. WFD's employees are also not part of the City's union agreement with AFSCME.

WFD is responsible for processing the City's payroll, developing and monitoring the budget, monitoring accounts payable/accounts receivable, generating financial reports and administering third party contracts (the human resources department is responsible for collective bargaining contracts). The city auditor functions as the financial advisor for city council and assists with the City's financial investments. Under state law, the city treasurer is ultimately responsible for the City's investment activities. In addition, the purchasing department is separate from WFD and reports directly to the director of safety and services.

WFD is primarily responsible for the City's financial reporting activities, such as issuing financial statements on a yearly basis that are audited by an approved independent auditor. The City contracts with a CPA firm for the conversion of its records from the cash basis accounting to accrual basis accounting according to Generally Accepted Accounting Principles (GAAP). The City does not produce a comprehensive annual financial report (CAFR) or supplement it with a popular annual financial report (PAFR). WFD is preparing for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 by attending training seminars and using reference materials to help the City meet the new reporting model's requirements.

The city auditor initiates the budget process by gathering data in August and sending the necessary information to the departments by September 1. A high level budget presentation is conducted by the city auditor for city council around November 1 to ensure that the budget is adopted by the end of December. A budget committee consisting of the city auditor, deputy auditor, administrative coordinator, compliance coordinator and director of safety and services is responsible for reviewing the budget in October before it is sent to city council. Budgets are not tied to measurable outcomes or strategic plans.

The city auditor forecasts revenue to prepare the tax budget in June, which essentially establishes the revenue portion of the City budget. The tax budget needs to be approved by city council by July 15 and submitted to the County Auditor for approval by July 20. The forecasts are based upon 30 years worth of data compiled and maintained by the city auditor. The forecasts are not forecasted for more than one year.

WFD is also responsible for the City’s accounts payable function. During FY 2000, WFD wrote 56 manual checks and processed 7,459 automated checks for various accounts payable purposes. WFD does not have a formal policy in place that would limit the number of manual checks issued.

The City’s financial computer system was implemented in 1985 by New World System. Various modules include payroll, expenses/revenue, fixed assets and specific project modules used by the community development department. Most of the City’s departments use the Kronos system to track and monitor payroll time and attendance information. The City processed 26 bi-weekly payrolls in 2000. The City does offer direct deposit to all employees and about 38 percent of all City employees participate in the program.

Financial Data

Table 2-1 presents WFD’s actual expenditures for 1998 through 2000 and the budgeted expenditures for 2001 as presented in the expenditure/budget reports.

Table 2-1: WFD’s Financial Data

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Budgeted 2001
Salaries & Wages	\$313,368	\$313,760	\$320,963	\$325,727
Overtime	\$1,372	\$1,545	\$95	\$1,000
Fringe Benefits	\$73,255	\$80,615	\$85,504	\$104,380
Contractual Services	\$74,992	\$32,420	\$32,799	\$33,300
Materials & Supplies	\$4,885	\$4,766	\$3,612	\$5,239
Total	\$467,872	\$433,106	\$442,973	\$469,646

Source: Expenditure and Budget Reports

Explanations for the significant variances in expenditures are listed below.

- Overtime expenditures are budgeted to increase significantly in FY 2001 from FY 2000 due to the payroll accountant’s involvement in the City’s renegotiation process of all union contracts for City employees.
- Expenditures for fringe benefits are budgeted to increase 22 percent in FY 2001 due to rising costs for health insurance.
- Materials and supplies decreased by approximately 24 percent in FY 2000 from FY 1999 due to WFD’s efforts to reduce expenditures during the City-wide layoffs. WFD budgeted more money for materials and supplies in FY 2001 to return to a normal level of spending.

Operating Statistics

Key statistics and information relating to the operations of WFD are shown in **Tables 2-2** and **2-3**. Comparative analysis and assessments performed throughout this section include information on the peer cities from the following tables.

Table 2-2: Finance Department Statistics for FY 2000

Data	Warren	Middletown	Mansfield	Peer Average
Population ¹	46,866	49,802	48,558	49,180
Total # of FTEs	6.0	7.0	12.2	9.6
Population per FTE	7,811	7,115	3,980	5,548

Source: WFD, peer cities information

¹ These are estimates for 1998 provided by the U.S. Census Bureau

Table 2-3: Best Practices Implemented by Warren and the Peers

Best Practice	Warren	Middletown	Mansfield	Recommendation
Official Budget Timetable	No	Yes	Yes	See <u>R2.4</u>
Five Year Forecast	No	Yes	Yes	See <u>R2.8</u>
Production of CAFR	No	Yes	Yes	See <u>R2.10</u>
GFOA Awards	No	Yes	Yes	See <u>R2.10</u>
Production of Capital Plan	No	Yes	Yes	See <u>R2.12</u>
In house GAAP Conversion	No	Yes	Yes	See <u>R2.16</u>
Investment Policy	Yes	Yes	Yes	N/A
Competitively Bid Banking Services	No	Yes	Yes	See <u>R2.28</u>

Source: WFD, peer cities information

Performance Measures

The following is a list of performance measures that were used to review WFD:

- Determine the scope of WFD responsibilities
- Analyze the City's financial reporting process
- Assess the City's budget development, implementation and monitoring
- Adequacy of procedural manuals and training
- Analyze the accounts payable transactions process
- Analyze the procedures and performance of the citywide payroll function
- Assess the policies, procedures and results of citywide investment portfolio activity

Findings/Commendations/Recommendations

Operations/Financial Reporting

F2.1 City finance departments are responsible for many aspects of financial accountability within the operations of a city. The purpose of keeping records of financial information is to show compliance with laws and regulations, as well as to provide information to the public. According to Ohio Revised Code (ORC) section 733.11, the city auditor is required to keep the books of the city and exhibit accurate statements of all moneys received and expended. State laws relating to holding public office also bind the city auditor to holding fiduciary responsibility for the City. The city auditor is in a position of “public trust” and must carefully weigh decisions that may affect that trust.

Although the functions of a finance department can vary from city to city, most finance departments perform similar responsibilities. Finance departments hold administrative functions as well as accounting and reporting responsibilities. In addition, finance departments are responsible for the disbursement functions including accounts payable and payroll. Financial reporting is a primary function of the finance department including preparation of daily, monthly and annual reports for city council and city management as well as the annual financial statements prepared for city council, banks, investors and the public. The audit function performed by the State Auditor’s Office or through an approved independent public accountant is responsible for auditing the city’s annual financial statements to ensure their accuracy.

R2.1 Since WFD is primarily responsible for the financial reporting of the City and provides essential support services to several of the City's departments as well as provide financial information to citizens regarding the City’s financial activities, the City should develop strategies and take appropriate measures to improve the operations of the finance department. This performance audit suggests several recommendations that if implemented, could have the potential of increasing efficiencies within WFD’s operations. All of the recommendations provided in this report are intended to benefit the financial operations of the City, which will subsequently impact levels of financial decision making and services provided. The key recommendations that directly impact the financial operations of the City include the following:

- Develop a GASB 34 implementation plan to document how the City intends to comply with the new reporting model (see **R2.2**)
- Develop policies and procedures to improve the City’s budgetary process to make the process more useful to City departments and citizens (see **R2.4** through **R2.7**)
- Create a detailed five year forecast for revenues and expenses to enhance the City’s

- financial planning process (see **R2.8**)
- Establish an audit committee to serve as liaison between management and auditors (see **R2.9**)
- Prepare a Comprehensive Annual Financial Report (CAFR) and supplement it with a Popular Annual Financial Report (PAFR) to increase and simplify the level of financial reporting by the City (see **R2.10** and **R2.11**)
- Develop and implement a capital planning process to determine how to create and maintain the infrastructure within the City (see **R2.12**)
- Track and maintain reasons for issuing manual checks (see **R2.18**)
- Consider implementing the Kronos Timekeeper software for all City departments (see **R2.20**)
- Increase the lag time between the payroll period end date and the actual pay date to allow the City extra time to ensure the accuracy of the payroll (see **R2.21**)
- Diversify the City's investment portfolio to include additional investments (see **R2.26** and **R2.27**)

F2.2 WFD is responsible for the City's financial reporting activities. Financial reporting is the process by which government finance officers communicate information concerning not only financial position and operating results, but also fiscal, budgetary and legal accountability.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 in June 1999. This statement was developed to make financial reports easier to understand and more useful for oversight bodies, investors and citizens. GASB 34 will significantly change annual financial reporting. The City is required to begin meeting the new financial reporting standards in GASB 34 by December 31, 2003. The most significant changes and additional information requirements will call for the City to develop the following:

- *Management discussion and analysis (MD&A):* MD&A will be an introductory narrative analysis of the financial statements and an analytical review of financial activities. The MD&A's goal is to give readers an objective and easily readable overview of the government's financial performance.
- *Government-wide financial statements:* These statements will use the full accrual method and include all organization funds and activities. In addition, GASB has decided to continue requiring fund basis accounting. This means fund financial statements and new government-wide statements will be prepared as well as a reconciliation between the two. The focus of the fund financial statements will change from fund types (General, Enterprise, Special Revenue, etc.) to major individual funds. Non-major funds will be grouped together.
- *Budgetary Reporting:* Governments currently include a final budget to actual comparison as part of the basic financial statements. The new standard requires this

comparison to also include the original budget--before amendments. The intent is to provide analytical information for assessing the organization's ability to estimate and manage its resources. Currently, governments prepare this comparison by fund type. The standard requires budgetary comparisons for the General Fund and individual major Special Revenue Funds.

- *Infrastructure and Depreciation Reporting:* Governments will now need to report all capital and infrastructure assets, such as roads, bridges, storm sewers, etc., in the government-wide financial statements. In most instances, these assets are required to be depreciated; however, an alternative is to employ an asset management system and document that assets are being preserved at or above a certain level.

According to the city auditor, the City is in the process of preparing for the implementation of GASB 34 by December 31, 2003. The city auditor, deputy auditor and senior accountant have attended training seminars about the proper implementation of the new reporting model. WFD has also purchased several reference materials about GASB 34 to help the City comply with the most significant changes and additional information requirements. The City is in the process of identifying and assigning values to all infrastructure assets. However, the City does not have a formal implementation plan that documents how the City will address the significant changes and additional information required by GASB 34.

R2.2 The City should create an implementation plan that outlines the specific actions the City has taken in order to be compliant with GASB 34. Proper research and documentation are essential to successfully completing the conversion to the new reporting model. The City should prepare technical research memos and supporting calculations documenting the City's research and decisions. This research should be shared with the City's financial auditors as the City progresses so that the financial auditors have the opportunity to inform the City if they agree with the methods or have major reservations about the City's approach. The City should consider categorizing the work into the following four groups:

- Government-Wide Accrual Basis Statements
- Fund Statements and Required Supplementary Information
- MD&A and Transmittal Letter
- Capitalize and Depreciate Government Fixed Assets

By creating a GASB 34 implementation plan, the City would be better able to provide the highest level of financial reporting requirements to citizens and other interested parties in a timely manner. In addition, by planning and documenting the City's efforts in implementing GASB 34, the City could make better use of limited staff resources in completing this project in conjunction with completing the City's normal daily activities.

F2.3 The senior accountant uses Microsoft Excel spreadsheets for routine journal entries, bank reconciliation procedures, monthly analyses, monthly balancing, fixed asset reporting, bond issue tracking, certificate of deposit tracking, investment tracking and HUD loan repayment records. The spreadsheets are programmed to link together to facilitate month-end and year-end closing. **Table 2-4** shows the City’s production time-frames for month-end, year-end and published annual reports in comparison with the peer cities.

Table 2-4: Timetable for Financial Report Production

Report Description	Warren	Mansfield	Middletown	Peer Average
Month-end Revenue	15 th of following month	1 business day after month end	3 business days after month end	2 business days after month end
Month-end Expense	5 th of following month	1 business day after month end	3 business days after month end	2 business days after month end
Year-end report	15 th of following month	4 business days after year end	21 days after year end	12 business days after year end
Published Annual Report	August to October of following year	150 days after year end	180 days after year end	165 days after year end

Sources: Interviews with WFD, information provided by peer cities

The peer cities produce their month end and annual reports faster than the City. The primary differences appear to be in the verification of revenue information and the production of annual reports. According to the city auditor, the reason why the revenue report is produced much later than the expenditure report is that the treasurer does not provide the City’s bank account information to WFD in a timely manner. However, during the course of this performance audit, WFD gained the ability to check the City’s bank accounts online to verify revenue amounts. As a result, WFD can issue both the revenue report and expenditure report in five days and provide them to department heads.

R2.3 Although WFD is now able to produce both the revenue and expenditure report within a similar time period as the peers, the City should ensure all City departments are providing WFD with the necessary information to complete the City’s financial reporting requirements in a timely manner. The role of WFD for public accountability is to provide timely, accurate reports to other City departments and city council as well to the citizens. Since the City funds a significant portion of its operations from revenue obtained through numerous sources, the City should ensure all departments are providing this information in a timely manner.

F2.4 WFD is responsible for the City’s budgeting process. However, the City does not have a formal policy outlining when specific budgeting activities need to be completed. The annual budget is the spending plan for the fiscal year. The budget process consist of activities that encompasses the development, implementation and evaluation of a plan for the provision of services and capital assets. The mission of the budget process is to help decision makers make informed choices about the provision of services and capital assets. According to **Table 2-5**, the City uses different procedures to complete budgetary activities compared to the peers.

Table 2-5: Budgetary Process Time Line

Date	Warren	Mansfield	Middletown
City Fiscal Year	Calendar	Calendar	Calendar
April		Mayor requests budget estimates from departments	
May		Finance Director certifies amounts to pay “final judgments”	
June	Forecast revenue for upcoming year	City Council receives budget estimates from each department, Board, Commission; City Council offers budget to public	Forecast revenue for upcoming year
mid-July	County auditor certifies expected tax revenues	City Council adopts tax revenue forecast; county auditor certifies	County auditor certifies expected tax revenues
August		Internal discussion and negotiation of budget requests by department; discussion of tax levies needed	Each City department receives budget request packet
September	Each City department receives budget request packet	Public hearings on budget	Internal discussion and negotiation of budget requests by department
October	Internal discussion and negotiation of budget requests by department	Finance Director gives Mayor and Council Finance Committee estimated revenue projection	
November	City Council receives budget	City Council receives budget	City Council receives budget
December	City Council approves budget	City Council passes budget pending final amounts of carryforward of unencumbered balances	City Council or internal Budget Review Committee approves budget
February		City Council passes permanent budget for year	

Source: WFD and the peer cities

Both the cities of Mansfield and Middletown have established time frames in which the budget must be developed. Mansfield passed an ordinance that adopted a formalized timetable for procedures with respect to the city’s budgetary process. The purpose of developing a budgetary timetable was to ensure citizens that the city’s government is

exercising the highest level of fiscal integrity and efficiency. In addition, the budgetary timetable facilitates better coordination among city officials and departments and assists the city's financial planning efforts. Middletown's annual budget process is governed by the city's five-year financial plan. The five-year financial plan is a financial forecast that is continuously updated as circumstances change within the city. Middletown also uses a timetable that summarizes when specific budgetary activities should be completed.

In addition to using a budgetary timetable, establishing fiscal policies is also an important tool to guide the budget process. Fiscal policies help governments establish policies to help frame resource allocation decisions. House Bill No. 426 created ORC sections 5705.13 and 5705.131, which provided a taxing authority with additional tools to help plan and manage financial activity. Part (A) of ORC section 5705.13 allows a government to establish a reserve balance account for each of the following three purposes:

- Budget stabilization
- Payment of claims under a self-insurance program
- Payment of claims under a retrospective rating plan for worker's compensation

In part (B) of this section, a taxing authority is given the authority to establish a special revenue fund in which cash may be accumulated for paying termination benefits or for paying salaries when the number of pay period exceeds the usual or customary number for a year. Part (C) states that a taxing authority may create one or more capital project funds to accumulate resources for the acquisition, construction, or improvement of fixed assets, including motor vehicles.

R2.4 Since the budget is one of the most important documents that the City creates, WFD should consider developing a formal timetable that outlines when specific budgetary activities should take place. A budgetary timetable would ensure citizens that the City is using the highest level of fiscal integrity and efficiency to accomplish the budgetary process. In addition, a budgetary timetable could facilitate better coordination among city officials and departments and assist the City's financial planning efforts. WFD should also include the City's five-year financial forecast within the budgeting process to ensure that the budgeting process incorporates the City's future financial needs and goals (see **R2.8** and **R2.12**).

The City should also consider creating fiscal policies related to financial planning, revenues and expenditures that are used to frame major policy initiatives and be summarized in the budget process. The City should also consider establishing stabilization or reserve balance accounts for purposes allowed by Ohio law. Establishing reserve or stabilization accounts would allow the City to maintain a prudent level of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures.

F2.5 During the May 8, 2001 election, the citizens of Warren approved a 0.5 percent income tax increase. In order to obtain the additional income tax revenue, the City promised citizens that the money would be used for safety services such as fire and police. According to the city auditor, the fire and police departments will receive the additional income tax revenue, but the City has not specifically outlined in the budget process how the money will be allocated and spent.

R2.5 Since the citizens placed confidence in the City by passing a 0.5 percent increase to the City's income tax, the City should be held accountable for how the additional revenue will be allocated and spent. The City should accomplish this by providing a breakdown of how the additional income tax revenue will be allocated and spent in the budgetary process. The budget process should show how much money each department received and how it will be used.

F2.6 WFD's budgeting process is not guided by the City's mission or overall strategies and does not incorporate the use of any performance measures. The City is negotiating with Kent State University to assist the City with the development of a strategic plan. Instead of using overall criteria such as performance measures or a strategic plan, the City bases its proposed expenditures exclusively on available revenue. The City only engages in long term capital planning if applicable Enterprise Funds have available revenue. Otherwise, the only long term budgeting is a five-year building plan to ensure compliance with the Americans with Disabilities Act. That building plan resulted from a Department of Justice audit.

R2.6 The City should develop appropriate performance measures of its overall financial decisions for use internally and for publication. Potential performance measures for the financial function of the City include:

- Standards for key financial ratios that help to determine the City's financial strength. Examples include: percentage of ending cash to operating expenditures, total direct debt per capita, and debt to assessed real estate value;
- Standards for variances between initial budget and actual revenues and expenses;
- Standards for timely reporting of month-end and year-end financial information;
- Standards for timely payment of invoices;
- Standards for percentage of cash invested in interest-earning investments; and
- Standards for investment portfolio returns.

A key responsibility of state and local governments is to develop and manage services, programs and resources as efficiently and effectively as possible and to communicate the results of these efforts to the taxpaying public. Meaningful performance measurements assist government officials and citizens in identifying financial and program results, evaluating past resource decisions, facilitating qualitative improvements in future decisions regarding

resource allocation and service delivery options, and communicating service and program results to the community.

F2.7 There is minimal community involvement in the budget development or approval process other than public city council meetings that include the budget in the agenda. At such meetings, the city auditor presents the budget broadly, noting significant changes from prior years and answers Council's questions. The city auditor then delivers the detailed budget to each Council member by November 1. Council members have various backgrounds and training and do not always understand the financial information presented. Council members may attend quarterly budget reviews of the internal budget review committee but rarely do. The Council committees' meeting minutes are not available in print, although meetings are recorded on audiotape. The Warren-Trumbull County library does not have any Council meeting minutes after January 2001.

The budget is one of the most important documents a local government prepares since it identifies the services to be provided and how the services are to be financed. Because of the time required to read and understand the entire budget document, a concise summary and guide to key issues and aspects of the budget is valuable to ensure the education and involvement of the public.

R2.7 The City should present a concise summary and guide to the key issues of the operating components of the budget to ensure the education and involvement of the public. The City should consider preparing the budget in conformity with GFOA guidelines. By preparing the budget in this fashion and submitting the budget to GFOA, the City will be developing a new level of financial accountability that would help the City in future levy campaigns. A summary should be publicly available for both the proposed budget and the adopted budget. At a minimum, a summary should do the following:

- Summarize the major changes in priorities or service levels from the current year and the factors leading to those changes.
- Articulate the priorities and key issues for the new budget period.
- Identify and summarize major financial factors and trends affecting the budget, such as economic factors; long term outlook; current and future debt obligations; and significant use of or increase in fund balance or retained earnings.
- Provide financial summary data on revenues, other resources, and expenditures for at least a three-year period, including prior year actual, current year budget and/or estimated current year and actual and proposed budget.
- Define a balanced budget and describe state and local requirements for balancing the budget. State if the budget is balanced or not. If the budget is not balanced, provide explanations.

- Specify significant changes in income tax collections and how the additional 0.5 percent income tax revenue will be spent (see **R4.5**).

The summary can take many forms, including a transmittal letter, budget message, executive summary or budget-in-brief. The summary should be available and disseminated in an easily accessible manner that is likely to be communicated to the public and generate interest. Preparation of separate documents tailored to different audiences, including citizens, the media, and elected officials should also be considered. In addition, the summary should be as nontechnical as possible and easy to read.

- F2.8 While the city auditor has tracked annual revenues by major source since 1970, revenues are not forecasted beyond one year. Similarly, WFD does not calculate any of the financial ratios often used to begin a basic analysis of a municipality's financial strength.

The trends in revenues, expenses and key financial ratios can provide the basis for long term forecasting of the City's resources and needs. In several explanatory reports distributed through local media to the public, the City published charts and graphs showing trends in various funds revenues and expenses. These same reports also mentioned that the City did not produce either a General Fund forecast or capital plan.

- R2.8** The City should begin forecasting its revenues and expenses beyond one year. According to the Government Financial Officers Association (GFOA), a government should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs and assumptions that develop appropriate strategies to achieve its goals. A key component in determining future options, potential problems and opportunities is the forecast of revenues and expenditures. Revenue and expenditure forecasting does the following:

- Provides an understanding of available funding;
- Evaluates financial risk;
- Assesses the likelihood that services can be sustained;
- Assesses the level at which capital investment can be made;
- Identifies future commitments and resources demands; and
- Identifies key variables that cause changes in the level of revenue.

The GFOA recommends that governments at all levels forecast major revenues and expenditures. The forecast should extend at least three to five years beyond the budget period and should be regularly monitored and periodically updated. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to participants in the budget process. It also should be referenced in the final budget document. To improve future forecasting, the variances between previous forecast and actual amounts should be analyzed. The variance analysis should identify the factors that influence revenue

collections, expenditure levels and forecast assumptions. By presenting more projected financial information, as well as the inclusion of detailed accompanying assumptions, explanatory comments and the methodology used in deriving the financial estimates, WFD will provide City management, as well as the general public, a more comprehensive understanding of its anticipated financial condition.

F2.9 In recent years, the importance of audit committees has come to be recognized increasingly in both the public and private sectors. This importance is reflected in the requirement set by generally accepted auditing standards that auditors determine that the audit committee (or its equivalent) is informed of various matters of importance related to the financial statement audit. The primary functions of the audit committee are to monitor and review the City's accounting and financial reporting practices, and to follow up on citations and recommendations made by its auditors. An audit committee is useful, too, in helping to focus and document the government's process for managing the financial statement audit.

R2.9 The City should establish an audit committee to serve as a liaison between management and its auditors. Reliable audits are essential to the credibility of financial reporting by state and local governments. The audit committee is a practical tool that a government can use to enhance the independence of the external auditor, and hence the reliability of the financial statement audit. The audit committee should meet regularly and be actively involved in:

- Meeting with the City's independent auditors before and after each audit;
- Reviewing the process used to prepare interim financial information submitted to city council;
- Evaluating the results of the financial audit;
- Ensuring that the internal control and audit recommendations identified in the audit are promptly and effectively addressed;
- Monitoring the City's legal compliance, financial condition and controls over the safeguarding of assets; and
- Ensuring the auditor's independence from management.

The audit committee could include members of the city council. However, the members of the audit committee collectively should possess the expertise and experience in accounting, auditing and financial reporting needed to understand and resolve issues raised by the independent audit of the financial statements. In addition, the committee should include professionals knowledgeable in the City's financial operations, such as attorneys or bankers. The audit committee should meet regularly (perhaps quarterly) to monitor the City's financial reporting and control activities, and should meet with its independent auditors before and after each audit.

F2.10 The City records its revenues and expenses on a cash basis of accounting throughout the year and prepares an annual General Purpose Financial Statement (GPFS) at year-end. WFD contracted with a regional CPA firm, Trimble, Julian, & Grube, Inc. for the conversion of its records from cash basis accounting to accrual basis accounting according to Generally Accepted Accounting Principles (GAAP). The CPA firm usually completes the GAAP conversion by the end of May of the following year. Deloitte & Touche audited the City's financial statements for FY 1997 through FY 1999. The reports were issued during September or October of the following year.

The City does not prepare a Comprehensive Annual Financial Report (CAFR). According to the deputy auditor, the City does not have ten years worth of historical data as required by the CAFR format. A CAFR is the highest level of GAAP basis financial reporting a government unit may prepare. The CAFR takes GAAP basis reporting, budgetary reporting and socioeconomic reporting that coupled with financial reporting creates a financial report issued with complete disclosure. A CAFR contains three major sections:

- *The Introduction Section:* This section has no official requirements. GASB suggests what ought to go into the introductory section but it is not covered by GAAP. The introductory section can be a letter of transmittal from the elected body to the citizens. GASB recommends that the introductory section include a discussion of past financial performance, future financial direction and financial capacity issues. GASB, in June 1999, created a new model of financial reporting for governments (GASB Statement No. 34) that includes a management discussion and analysis (MD&A) to simplify the explanations for the findings from the financial statements.
- *The Financial Section:* This section is the most formal of the sections in the CAFR and is guided by GAAP. It provides the audited financial statements as well as budgetary statements, combining statements and certain other related schedules. The financial statements cover all the performance aspects such as success, conditions and compliance for the past fiscal year.
- *The Statistical Section:* This section usually contains descriptions of characteristics of the government. The statistical section includes data for several previous years to permit comparisons. The information that is often included is outside the accounting system but still provides for more detailed disclosures for the user of the financial report.

Although there are no formal requirements for cities to produce a CAFR, the practice is supported by several professional organizations, such as the Government Financial Officers Association (GFOA). The GFOA's CAFR Program, which has been in operation since 1946, is designed to encourage and assist governments to prepare high quality comprehensive

annual financial reports. Over 70 percent of all cities and 43 percent of all counties with populations in excess of 50,000 participate in the program, as well as 43 state governments. Furthermore, both the cities of Mansfield and Middletown prepare CAFRs, which supports the fact that production of a CAFR could potentially benefit Warren since Mansfield and Middletown have comparable characteristics.

R2.10 WFD should ensure that the City’s GPFS are issued within statutory timelines. The GPFS should be issued by the AOS Clerk of the Bureau by June 30th. In addition, the City should prepare a CAFR in house. The majority of the information needed for a CAFR already exists within ongoing budget information, the annual financial audits and other reports produced by WFD. The absence of sufficient consistent data for one element of the CAFR should not interfere with fulfilling the other reporting requirements.

Since preparation of the CAFR is a widely accepted method of financial reporting by other governments, the City should consider preparing a CAFR in future fiscal years. The CAFR contains detailed information for citizens to review and builds citizen confidence in government accountability. In addition to citizens, other groups that use the CAFR and rely on it consist of agencies that rate state and local governments for the purpose of the sale of bonds. Institutions which buy and sell these bonds would also be among the users of the CAFR.

The City should also consider preparing a CAFR and submitting it to the GFOA for review and award consideration. Winning awards fosters financial accountability and it helps improve bond ratings, making it cheaper to issue debt. However, to be eligible to receive a GFOA award for excellence in financial reporting, the City must issue its GPFS by June 30th. Furthermore, both peer cities have submitted their CAFRs to the GFOA for review and have received awards for excellence in financial reporting.

F2.11 In addition to producing a CAFR in conformity with GAAP, the GFOA also encourages state and local governments to supplement their CAFR with simpler “popular” reports designed to assist users who need or desire a less detailed overview of a government’s financial activities. The information it contains is useful to anyone interested in a quick snapshot of the City’s finances, such as Warren citizens, the City’s elected officials and other decision makers within the City system, and jurisdictions gathering comparative data. Annual financial reports issued in conformity with GAAP are essential if the City is to keep citizens informed about City finances, and to be accountable in all respects for the receipt and expenditure of public funds.

R2.11 The City should consider preparing a CAFR and supplementing it with a popular annual financial report (PAFR). Such reporting can take the form of consolidated or aggregated

presentations, or a variety of other formats. GFOA recommends that popular reports exhibit the following characteristics to be most effective:

- PAFRs should be issued on a timely bases, no later than six months after the close of the fiscal year, so that information it contains is still relevant.
- The scope of the PAFR should be clearly indicated.
- The PAFR should hold the readers interest, convey financial information in an easily understood manner, present information in an attractive and easy to follow format and be written in a concise and clear style.
- The PAFR should avoid technical jargon to meet the need of a broad, general audience and the report should include photographs, charts or other graphics.
- The narrative should be used, as appropriate, to highlight and explain items of particular importance.
- Comparative data should be used constructively to help identify trends useful in the interpretation of financial data.
- The PAFR should be distributed in a number and manner appropriate to their intended readership (e.g., newspaper or magazine inserts, sample copies provided to libraries, sample copies provided to professional offices).
- Users of PAFRs should be encouraged to provide feedback.
- Most important, the PAFR should establish its credibility with its intended readers by presenting information in a balanced and objective manner.

F2.12 The City has no formal capital plan. Informally, the mayor asked each department manager to identify long range goals and needs for each department. During city council budget meetings, the city auditor has listed a number of capital projects that cannot begin due to funding constraints. These efforts begin the thought process for developing a capital plan; however, they do not provide the public with a single, comprehensive document listing that prioritizes all needed, upcoming capital projects. Consequently, the city council and voters may not understand or approve funding for replacement, improvement, or additions to the City's infrastructure.

R2.12 The City should begin a capital planning process in order to determine how to develop and maintain the infrastructure within its jurisdiction. That infrastructure includes roadways, water and sanitation systems, public safety systems, physical facilities and other assets with high replacement costs and long expected useful lives. The availability of funding is not a prerequisite for this planning process. A variety of financing mechanisms, including the issuance of debt, may be used to fund projects designated as the highest priority by the planning process. Key components of a successful capital planning process include:

- Involving the public, City employees and elected officials throughout the process;
- Examining the inventory of existing capital assets to determine estimated needs for major repair, replacement, or additions;
- Defining appropriate capital projects;
- Gathering detailed information about proposed capital projects;
- Prioritizing the projects according to the City's goals;
- Publishing the results for public comment; and
- Implementing the highest priority projects.

A capital plan should include all of the City's capital needs for a minimum of a four-year period. The plan should be updated annually to accommodate changes in the City's goals and needs. By establishing a capital improvement process, the City could establish an orderly and routine method of planning and financing for required capital improvement and make capital expenditures more responsive to community needs by informing and involving the public. In addition, by prioritizing capital improvements according to criteria that are embedded in the City's mission and goals, the capital improvement plan could also create a more understandable investment decision making process, improve linkages between capital investments and the City's long term vision and goals, and build citizen confidence by making more efficient use of available resources.

Organizational Issues

F2.13 There are no current job descriptions for WFD employees. In 1992, WFD employees, except for the city auditor and deputy auditor, created a list of all their job responsibilities. However, the human resource department continues to use obsolete, inaccurate job descriptions for job postings within WFD. In addition, the lack of current job descriptions prevents the City from conducting employee performance evaluations.

R2.13 WFD should update job descriptions as soon as possible. The city auditor and deputy auditor should be responsible for the revisions. Once completed, the city auditor should submit them to the human resources department for approval to ensure consistency with the AFSCME contract and other City employees. Input from the staff on the revisions should be welcomed considering that they are currently performing tasks that may not be encompassed in the outdated job descriptions. With up-to-date job descriptions, WFD employees will fully understand their job functions and responsibilities. The job descriptions could also be used to reference and assess employee performance and productivity.

F2.14 Performance evaluations of WFD employees have not been completed for sixteen years. All staff members have a considerable amount of experience within their current position. The city auditor has not conducted evaluations because of the limited availability of incentives

for good performance and disincentives for poor performance within the City's policies and procedures. In addition, since WFD appears to meet all deadlines associated with the City's financial reporting responsibilities, completing performance evaluations has been a low priority.

R2.14 WFD should begin formally reviewing the job performance of all of its employees on an annual basis. Annual job evaluations could benefit employees and employers in many ways including:

- Providing a specific time for both employer and employee to compare their understanding of the job's requirements;
- Providing a time to exchange ideas about the future direction and goals of the job and its role within the department and City's goals;
- Providing a time to discuss the employee's individual goals and develop a plan for achieving them; and
- Developing documentation to demonstrate trends in the employee's performance. This type of documentation could provide a basis for salary adjustments.

These benefits could help WFD and its employees overcome concerns they might have about the evaluation process.

F2.15 WFD does not have a policy and procedures manual documenting all the procedures and processes within the department. In addition, employees within WFD have minimal cross-training in each job function. The city auditor can perform some payroll functions due to prior experience. The department secretary and the accounts payable accountant can both complete processing of purchase requisitions and vouchers. The tasks of preparing and posting journal entries, reconciling bank accounts, updating fixed assets, grants and bond records and balancing the general ledger are exclusive responsibilities of the senior accountant. However, before the senior accountant posts any journal entries, the journal entries are reviewed and approved by the deputy auditor or the city auditor. Because of the limited cross-training, all staff members of WFD try not to take leave during the times of their most critical job responsibilities.

R2.15 WFD should create an updated accounting manual for the entire department divided into the functions performed. The policy and procedures manual should document all procedures and processes within the department so that the manual could be used by all employees. Without this type of a procedure manual, employees unfamiliar with all the department's activities may not be fully trained and understand all of the steps required to complete job functions when other employees are on vacation or leave. The manual should explain and describe where the staff need to go to obtain information and what needs to be done with that

information. However, it is noted that not all job responsibilities within positions can be performed by all staff members due to differences in education and technical experience.

Furthermore, the deputy auditor should be trained and understand all critical functions like payroll and accounts payable in the event of an emergency.

F2.16 In 2000, WFD was required to eliminate all discretionary spending due to budget reductions. As a result, WFD reduced the amount of additional training opportunities offered to employees. However, WFD budgeted training expenditures for the city auditor and deputy auditor to maintain their Certified Government Financial Manager licenses. In addition, WFD budgeted and spent money for training related to the Y2K upgrade to the financial and payroll software. However, the budget reduction resulted in three of the department's employees receiving no formal training for other responsibilities in at least two years.

R2.16 WFD should budget money as it becomes available for training opportunities that would assist the department in improving operations. For example, the GFOA is a professional organization dedicated to the sound management of government financial resources and provides training seminars to persons interested in government financial management. The GFOA provides a broad range of services and programs in the major functional areas of government financial management, including:

- Accounting, auditing and financial reporting;
- Budgeting and financial planning;
- Cash management and investments; and
- Financial management

Attending training of this type could help WFD's employees obtain and share skills useful to the City and to themselves. The Metro College of Youngstown State University offers a one day government accounting update every August for \$115. By comparison, the cost of the annual conversion of the City's cash-basis accounting records to the required modified accrual accounting has exceeded \$11,000 annually since 1998. WFD should consider sending employees to attend training classes regarding converting the City from the cash-basis of accounting to the required modified accrual basis of accounting. The additional training could replace the need to contract with suppliers to do the accounting conversion.

Financial Implication: WFD should consider sending employees to attend training classes regarding converting the City from the cash-basis of accounting to the required modified accrual basis of accounting. Attending this type of training would be offset by the \$11,000 the City pays for an outside CPA to perform the conversion.

Accounts Payable Function

F2.17 There are inadequate controls over monetary items and related supplies (e.g., check stock) used by WFD. WFD does not have any formal procedures for protecting assets in the safe. In addition, WFD secures its check stock in the department's closet, which can be accessed by any employee within WFD. The City receives daily information about checks paid from its financial institutions. WFD reconciles the City's bank account soon after each month end. These procedures provide some assurance that unauthorized bank transactions would be identified soon after occurrence. Nonetheless, check fraud statistics indicate that in 1997, there were about 496 million fraudulent checks written for a total of approximately \$9.9 billion in the United States. This means that every day, an average of 1.4 million (worth \$27.3 million) fraudulent checks were written.

R2.17 Since WFD is lacking adequate controls over monetary items and supplies, WFD should take appropriate steps to ensure WFD's assets are safeguarded. A log of the times and reasons the safe is opened should be maintained and checked periodically to make sure that the recommended dual control procedures were followed consistently. The safe should be locked any time two authorized people are not retrieving or adding to the contents of the safe.

Similarly, the department's closet should be locked unless staff need access to its contents. The blank check stock for all checking accounts should be inventoried upon receipt and again before and after each week's check runs. This should be completed for accounts payable and payroll transactions, and compared with the check registers for each bank account. Any discrepancies should be investigated and, if needed, reported to the applicable financial institution and legal authorities. Securing blank check stock against theft is a minimal precaution against one type of check fraud loss.

F2.18 WFD has two checking accounts with two different banks. One checking account is for the City's daily operations and the other account is used to pay the City's payroll obligations. WFD wrote 56 manual checks and processed 7,459 automated checks for various accounts payable purposes during FY 2000 from its regular checking account. Of the 56 manual checks, 19 checks were for bank transfers from the City's regular checking account to the City's payroll account. However, during the course of this performance audit, the City moved all of its accounts to the same bank (see **F2.33**). As a result, WFD no longer has to issue a manual check to transfer funds from the City's regular checking account to its payroll account to meet payroll obligations. Instead, WFD can now transfer the funds online. **Table 2-6** presents the reasons why the remaining 37 manual checks were issued.

Table 2-6: Reasons for Manual Accounts Payable Checks

Reason for Manual Check	# of Manual Checks
Industry Training	12
Contractors	9
Land or equipment purchases	8
Postage	2
Judgement decree	1
Other or no reason on spreadsheet	5

Source: WFD’s spreadsheet

WFD’s secretary maintains a handwritten spreadsheet of manual accounts payable checks. According to the city auditor, most manual checks are issued to hotels and professional organizations for employees who are attending training seminars. The city auditor stated that WFD does not issue a manual check to a supplier for any purpose. The supplier must wait until the next accounts payable processing.

R2.18 WFD should monitor the quantity and reasons for issuing manual checks. When examining the reasons for issuing these checks, the City’s employees can do more to minimize last minute check requests. For example, City employees should plan sufficient time for WFD to issue a check to hotels and professional organizations during the normal accounts payable process. By requiring employees to register for training seminars in advance, WFD could reduce the number of manual checks issued and the City could potentially receive discounts for advance payments. Furthermore, WFD should consider implementing a policy that would charge a half hour of the accountant’s salary and benefits to the budget of any department requesting a manual check. A policy such as this, could potentially eliminate the need for manual checks and cause departments to plan ahead.

F2.19 WFD transfers old, outstanding checks internally to an account for potential escheatment. Payroll checks still outstanding have been delivered by employees’ supervisors but for some reason the employees do not deposit or cash them. The City does not print a warning on the checks to limit the length of time the check is valid. As of the end of January 2001, the City had 27 checks outstanding dating back to 1995 and for amounts over \$25.00 each.

Although the City does not print warnings on checks to limit the length of time the check is valid, the City does practices reverse positive pay, a process recommended by the GFOA. This policy has the check issuer, not the bank, maintain the list of checks issued. When

checks are presented for payment, the issuer's bank prepares a file of the checks, account numbers, serial numbers, and dollar amounts and sends the file to the issuer. The issuer then compares the information to its internal records. The bank is notified which checks to pay or reject. However, during the course of this performance audit, the City moved all of its accounts to the same bank (see **F2.33**). As a result, the City's new checks have a warning printed on them stating that they are void after 90 days.

R2.19 The city should print a notice on future check supplies warning payees that the checks are void after six months. Printing a warning on the checks to limit the length of time the check is valid communicates the City's intentions of following the Uniform Commercial Code requirements for check handling and stop payments. The warning should have the following benefits:

- Encourage employees to use direct deposit for their paychecks (see **R2.23**). In addition, the City would need to adopt a policy and practice that employees unable to cash their paychecks due to the processing delay would need to complete an Affidavit of a Lost or Stolen Check in order to obtain a replacement paycheck.
- Reduce the potential for check fraud by minimizing the length of time a check remains unprocessed through the banking system.

F2.20 WFD takes advantage of supplier discounts whenever possible. In previous years, WFD would automatically take the discount regardless if the City was eligible. However, some of the City's suppliers were not pleased with this process. As a result, WFD modified its procedures for recording supplier discounts. Currently, WFD only takes the discount if the City is eligible. However, the accounts payable accountant continues to automatically record the discount from certain suppliers that will not contest it.

City departments submit voucher requests and purchase requisitions by Friday each week. Payments for these are processed on Wednesday of the following week. By implementing a set schedule, all City departments should be able to identify when potential discounts can be taken. Departments needing exceptions to this schedule must obtain the approval of either the city auditor or deputy auditor in order for WFD to prepare a manual check for an invoice. The accounts payable accountant charges all late fees incurred back to the responsible department.

Payroll Processing

F2.21 The City has two payroll timekeeping systems to capture payroll information: Kronos Timekeeper Central and a manual record keeping system. Once the time keeping function is completed, the payroll information is entered into the New World System by each

department secretary. Departments using the Kronos system include operations, police, sanitation, water and water pollution control. Once the Kronos system captures all employees' hours worked, the information is transmitted to the New World System's Payroll Module. Departments who enter payroll information directly into the New World System are engineering, income tax, health, human resources, courts, law, finance and data processing. Then the payroll information is sent to WFD and rolled into the New World System's Payroll Module.

The current method for collecting payroll information varies from department to department and is a labor-intensive process involving some duplication of effort. Regardless of which timekeeping system is used, each department's secretary is responsible for entering payroll information for each employee based on the hours worked. Once each secretary inputs each employee's hours worked, a payroll report is printed and submitted to the department head for review and approval. After the department head signs off on the payroll, the payroll report is submitted to the safety services director, who is head of all the City's departments. Once the safety services director signs the payroll report, the payroll information is authorized to be submitted to WFD. WFD keeps the signed payroll information sheets as a source document, but the information is already rolled into the New World System's Payroll Module.

F2.22 The City purchased the Kronos Timekeeper system from CTR, a Pittsburgh computer technology supplier, and installed the system in January 1996. The Kronos system was last upgraded in October 2000. Kronos Timekeeper is an application that captures employee data and calculates labor costs. The software applies the City's pay rules as they relate to each individual employee, and calculates the gross hours to be paid according to overtime, premium, and other pay rules. The application prepares that data for transfer to the City's New World System's payroll module. The following lists the benefits of the Kronos Timekeeper software:

- Eliminates manual preparation of paper time sheets or time cards;
- Frees department managers from time-consuming administrative tasks to focus on more value-added activities;
- Improves control of labor resources; and
- Accurately and consistently enforces City pay policies.

For the City, Kronos Timekeeper delivers a consistent, accurate and precise method to calculate employee pay and manage the attendance records of employees. Attendance tracking provides managers with real time reporting and historical views for employee attendance patterns. However, the only departments that use Kronos Timekeeper are operations, police, sanitation, water and water pollution control.

F2.23 Regardless of whether departments use the Kronos System or enter information directly into the New World System, many departments maintain various forms of manually tracked payroll information. **Table 2-7** presents payroll information that some of the City’s larger departments track manually.

Table 2-7: Departments Tracking Payroll Information Manually

Department Name	Extent of Manual Time and Attendance Tracking
Police	Captain of each shift approves that shift’s time cards or sheets. Department maintains as backup record for leave and hour information.
Fire	House captains track and approve time cards or sheets for each Fire House. Department maintains as backup record for leave and hour information.
Operations	Maintains automated spreadsheet and manual records for leave and hour information as backup to payroll system.
Water Pollution Control	Maintains time sheets as backup to payroll system.

Source: WFD

As shown in **Table 2-7**, the police, operations and water pollution control departments track information regarding time worked and leave balances. Manually tracking time worked and leave balances is a duplication of effort since these department operate under the Kronos System, which maintains this type of information. In addition, once the payroll information from the Kronos System is transmitted to WFD, all time worked and leave balances are maintained within the New World System’s Payroll Module.

Other smaller departments also maintain manual payroll information. Employees of these departments fill out time sheets for hours worked. The department’s secretary collects the time cards and enters the information directly into the New World System. If an employee took time off during the pay period, the secretary would verify that the employee’s supervisor authorized the leave. Once the secretary enters all the information and the department head approves the payroll, the information is ready to be transmitted to WFD’s New World System’s Payroll Module.

F2.24 The following list illustrates some major differences between the manual record keeping system and the Kronos Timekeeper software.

- Under a manual system, time sheets or time cards are utilized to track hours worked and leave hours taken. In contrast, Kronos Timekeeper is an automated system which records hours worked when an employee swipes a time card at the beginning of the day, during the day when breaks are taken by the employee and at the end of the day.

- Because the manual system is dependent upon time sheets, the payroll supervisor for the manual record keeping system cannot determine when leave is used until the end of the pay period, when the time sheets are received. In contrast, as long as set schedules are maintained, the Kronos system can monitor whenever an employee does not work on a scheduled day. Therefore, the payroll supervisor will know the amount and type of leave used by the employee.
- Using a paper-based system, the hours worked and leave hours taken on the time sheets must be manually calculated. However, the Kronos system is designed to automatically calculate the total hours worked and total leave hours taken for each employee. The probability of making errors increases by using the manual record keeping system. In addition, the Kronos system is beneficial for employees with complicated union agreement where pay is based on wide variety of factors and shifts.

R2.20 The City should consider implementing the Kronos Timekeeper software for all departments. Using two different methods to collect and maintain payroll information (one manual and one automated) increases the amount of time spent on payroll functions thereby increasing payroll costs. Payroll costs are also increased when departments that use an automated system to track hours worked also maintain manual records of the same information. In addition, using an automated system allows management to have access to realtime information and assures employees that they are paid fairly and properly for hours worked. Streamlining and automating the time collection process within the City could ultimately result in cost savings due to a reduction in staffing necessary for payroll related activities in some departments.

F2.25 Since the Y2K upgrade to the New World Systems, the basic payroll edit report run requires at least thirty to forty minutes to print. The payroll accountant uses these reports to identify any unusual items that need adjustments. The payroll accountant reruns these reports before the final payroll is completed and ready for paycheck printing. The length of time it takes to complete the payroll process depends upon the initial accuracy of the department secretaries submitting payroll information to WFD, any system performance problems and the number of adjustments completed by the payroll accountant. In addition, the payroll accountant does not follow the supplier's payroll processing manual, which states that the payroll accountant should limit edit runs to no more than two per pay period. The supplier suggested that the City limit the number of payroll edit runs because the software has problems with running the same information several times. The City has not worked with the supplier to correct this problem. As a result, the payroll accountant incurred approximately 120 hours of overtime or compensation time during 1999 and 2000, which cost WFD approximately \$1,900. The following list contributed to the payroll accountant working additional hours:

- Tight deadlines for payroll processing
- Low percentage of City employees using direct deposit
- High number of manual payroll checks issued
- Long processing times for preliminary payroll computer report runs
- Departmental payroll employees do not always receive payroll documentation from employees in a timely manner.

Although the payroll accountant tries to work with other departments to ensure the payroll information submitted is accurate, there is still risk of inaccuracies in the City's payroll data due to the short one week lag in payroll processing.

R2.21 WFD should work with the payroll supplier to correct the problems caused from running multiple payroll edits. In addition, the city auditor and deputy auditor should require the payroll accountant to apply procedural changes that would make the payroll process more efficient, such as creating and following the payroll procedure manual (see **R2.25**) and following up with department secretaries to ensure payroll information is timely and accurate. As a result, the amount of overtime incurred by the payroll accountant would be reduced.

To further increase the efficiency of the payroll process, the City should increase the lag time between the payroll period end date and the actual pay date to allow the City extra time to ensure the accuracy of the payroll. Currently, the City has a one week lag time. The City should consider a two week lag time. The implementation of an additional week of lag time could be phased in by increasing lag time one day each pay period until a full week has been added. A phased implementation will minimize any effects increasing the lag time could have on employees. Modifying the payroll lag time may be dependent upon labor negotiations.

Financial Implication: By ensuring the payroll accountant is following the supplier's payroll processing manual and increasing the one week lag in payroll processing to two weeks, the City would potentially improve the City's payroll process. As a result, WFD would save approximately \$1,900 in overtime expenditures for the payroll accountant.

F2.26 WFD issued 557 manual checks through its payroll system during 2000, or about 7 percent of the total number of payroll checks issued. The majority of these were for required payments of child support, pension and deferred compensation deposits, insurance benefits and mandatory salary garnishments.

The city auditor believes that the New World Systems Payroll Module Disbursement Check Register does not work because the payroll module's disbursement check register does not link to the New World Systems general ledger module. The software supplier reports no

record of this problem and claims that its programming prevents it. Furthermore, the software supplier has no record of the City indicating that it has a problem with the use of this feature. The supplier notes that the City simply has to encode its software modules to make sure that all modules interface with each other.

R2.22 The payroll accountant should use the New World Systems Payroll Module Disbursement Check Register to calculate and print checks for the routine payees such as child support services and pension funds. This would require inputting basic name and address information about these standard payees. With the information already maintained within the computer system, the payroll accountant could automatically generate checks to these payees through the computer instead of manually writing a check. Issuing 500 additional checks automatically could save the payroll accountant approximately 40 hours per year, assuming each manual check takes five minutes to produce. This time represents approximately one-third of the overtime or compensatory time the payroll accountant incurred in each of the last two calendar years (see **R2.21**). In addition, using the automated system to generate these checks would also minimize clerical errors in payee's names and addresses.

F2.27 Direct deposit through electronic fund transfers (EFT) provides many benefits to governments and their employees. EFT is a fully automated system with built-in safeguards to deposit employee paychecks in their accounts and have it available on payday. Approximately 38 percent, or 190, of the City's employees participate in direct deposit services. The following is a list of benefits of direct deposit:

- Employees will no longer have to wait in line to deposit paychecks
- Money is available when the bank opens on payday
- EFT deposits funds into employee accounts, automatically, whether employees are at work, on vacation or at home sick.
- EFT provides peace of mind and saves employees time on payday.
- Easier bank reconciliations and payroll troubleshooting

In addition, many banks provide added benefits and/or reduced service fees to those with direct deposit. The payroll accountant submits direct deposit information to the financial institutions by 6:45 p.m. the Wednesday after the end of each pay period.

R2.23 The City should continue to pursue direct deposit and should consider requiring all existing and future employees to use direct deposit. The City should consider negotiating this provision in future union contracts. Other options include paying employees hired after a certain date to use direct deposit or giving the City the option of paying all employees through direct deposit if at least 75 percent of employees represented by a negotiated contract use direct deposit. Modifying the payroll lag time to two weeks as discussed in **R2.21** would

help facilitate the timely submission of accurate payroll information to the financial institution.

Financial Implication: Assuming 100 percent participation in direct deposit, the maximum savings in transaction fees would be approximately \$9,000 each fiscal year, based on \$1.25 cost savings applied to the 7,200 paycheck transactions occurring in 2000. The use of direct deposit can reduce the cost of processing payroll checks, streamlines bank reconciliations and helps minimize security risks.

F2.28 Routine payroll processing includes transmission of direct deposit data on a timely basis. The direct deposit information was not submitted on time for the April 20, 2001 pay period. During payroll processing, the payroll accountant failed to submit the direct deposit information. The omission was not realized until some City employees noticed a lack of available funds in their bank accounts. One source suggests that the bank did not perform its normal procedure of contacting the City when it had not received the data transmission. The bank agreed to monitor the City's direct deposit transmission more closely to ensure that a reminder phone call occurs whenever needed. To correct the error, the data processing department coordinated with the New World Systems to recover an older payroll file and recreated the payroll process. The city auditor agreed to make sure that payroll is completed properly in the future by supervising the process more closely. The mayor informed City employees that the City would reimburse them for any bank fees related to the delay in receiving funds.

R2.24 The city auditor should take appropriate steps to ensure that all payroll procedures processed within WFD are completed accurately and timely. WFD should consider cross training employees in payroll processing to ensure payroll is processed properly (see **R2.15**). In addition, WFD should create a payroll processing procedure manual that outlines the specific steps that should be taken during the payroll process. The city auditor should also evaluate why the payroll accountant works outside of normal office hours without supervision that a normal work schedule would facilitate (see **F2.25**). Furthermore, the city auditor should note issues like these in employee evaluations and use them to determine pay incentives.

F2.29 WFD uses procedure manuals from the City's software supplier, New World Systems, to document how payroll processing is completed. However, according to the payroll accountant, these manuals are not user friendly. Therefore, the lack of a useable payroll procedures manual could lead to difficulties in accomplishing responsibilities in an effective manner when there is a change in personnel who processes payroll in either WFD or other City departments. In addition, the lack of a useful payroll procedure manual also prevents WFD from processing payroll efficiently when the payroll accountant is absent or on leave.

R2.25 The City should develop a policies and procedures manual related to the payroll process for all City departments. This manual would enable all employees who have payroll responsibilities to have a resource available to help ensure proper compliance with all policies and procedures established related to the payroll process. Copies of sample computer screens and other documentation should be included in the manual. This manual should be reviewed annually and kept current.

An initial orientation training should be provided to new staff assigned to perform departmental payroll duties. In addition, WFD should provide periodic training to staff on payroll policies and procedures to ensure the staff are familiar with these responsibilities. The payroll policies and procedures manual should be used as a basis for initial orientation and continuing training.

Investment Activities

F2.30 City ordinance 11186/98 outlines a formal investment policy for depositing and investing various funds and monies of the City. The treasurer is the investment officer for the City and is charged by Ohio law and the City's investment policy with the responsibility of making deposits and purchasing and selling securities. The investment policy created a treasury investment board, consisting of the mayor, city auditor and law director, who are responsible for assisting the treasurer in making investment decisions regarding City funds.

F2.31 The City's investment policy contains the investment management objectives, in order of priority: safety, liquidity and return on investment. Portfolio risk includes all the risks associated with investments, such as credit risk and market risk. Safety and liquidity risks are reduced through diversifying the types of maturities of securities purchased.

The treasurer is authorized by the ORC and the City's investment policy to make the investment decisions and use diversification strategies to eliminate the risk of loss resulting from over concentration in a specific maturity, a specific obligor or a specific class or type of security. **Table 2-8** presents the City's investment activities for 2001 based on the maximum limits, by instrument and obligor, established by the investment policy for the City's investment portfolio.

Table 2-8: Diversification of Warren’s 2001 Investment Portfolio

Type of Instrument	Maximum Diversification by Instrument Allowed by Investment Policy	Maximum Diversification by Obligor	Actual Diversification by Instrument
U.S. Obligation:			
Bills	25%	100%	N/A
Notes	75%	100%	N/A
Bonds	75%	100%	N/A
All other U.S. Obligations	50%	100%	N/A
Agency Obligations	50%	50%	N/A
Certificate of Deposit	75%	50%	60%
State and Subdivision Obligations	50%	50%	N/A
Repurchase Agreements	75%	50%	7%
STAROhio	100%	100%	5%
City Obligations	25%	50%	10%
Money Market Mutual Funds	50%	50%	12%

Source: City investment policy

According to **Table 2-8**, the City has not exceeded the maximum limits for diversification by instrument or by obligor for the City’s 2001 investment activities. However, the City invested the majority of available funds (60 percent) in certificates of deposits (CDs). CDs are a special type of deposit account with a financial institution that typically offers a higher rate of interest than a regular savings account. Unlike other investments, CDs feature federal deposit insurance up to \$100,000. The disadvantages of investing too much money in CDs is that if a CD is redeemed before it matures, an early withdrawal penalty could apply or interest earned could be forfeited. In addition, investing the majority of available revenue in CDs alone prevents the City from investing in other instruments that could potentially provide more revenue. According to the treasurer, most investments consist of CDs because the interest rates are better than other authorized investment instruments. The treasurer also stated that CDs allow the City to make short term investments in order for the City to better match available revenue against meeting financial obligations in a timely manner. The treasurer meets with the city auditor on a monthly or semi-monthly basis to determine how much money is available for investment and when financial obligations are due.

However, based upon 2001 interest rates published by the Federal Reserve Board, the City could have potentially earned more interest on other investments such as three month and one year treasury bills instead of investing in CDs and money market mutual funds. For example, if the City had invested 50 percent of the revenue that it invested in one year CDs into one year treasury bills and 54 percent of the revenue it invested in money market mutual

funds into one month treasury bills, the City could have earned approximately \$50,000 in additional investment revenue.

R2.26 Although most CDs are classified as safe, short term investments, the City should consider diversifying the City's investment portfolio to include other investment instruments that could potentially increase the City's investment revenue. Because safety and liquidity are important, the City should seek to reduce portfolio risk as much as possible in the investment policies through appropriate diversification of investments in the portfolio and restrictions of maturity provisions. The City should diversify investments to reduce portfolio risk through such means as:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities;
- Limiting investments in securities that have high security credit risks;
- Investing in securities of varying maturities; and
- Continuously investing a portion of the portfolio in readily available funds, such as money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

The City should also carefully monitor when securities mature. The treasurer, with the assistance of the treasury investment board, should strive to match investments with anticipated cash flow requirements to ensure the City can meet ongoing financial obligations. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the investment portfolio should continue to be invested in readily available funds such as money market funds and overnight repurchase agreements to ensure appropriate liquidity is maintained to meet ongoing obligations. The city auditor should continue to meet with the treasurer on a regular basis to inform the treasurer about the availability of investment revenue. In addition, the city auditor should update the treasurer when any changes occur in the City's cash flow that would affect investment decision making.

Financial Implication: By diversifying the City's investment portfolio to include other authorized instruments that provided higher interest rates, the City could have received approximately \$50,000 in additional investment revenue in 2001.

F2.32 The City only used local banks to complete financial transactions for investments in 2000 and 2001. The treasurer prefers to use local bank offices to deposit and invest the City's funds in part to encourage the banks' participation in a local program benefitting first time home buyers. The treasurer also stated that by using local banks, the City establishes personal contacts with people who live in the community and understand the City's financial situation. However, the treasurer did not indicate how the financial strength of the banks are monitored.

According to the City's investment policy, the treasurer is required to maintain a list of financial institutions and security broker/dealers with which the City conducts business. Each financial institution and broker/dealer that accepts deposits or executes investment transactions for the City must provide current financial statements, proof of good standing and regulatory qualification and compliance information to the treasurer and treasury investment board. In addition, all financial institutions, brokers/dealers or consultants that wish to conduct investment business with the City are required to sign the City's investment policy, certifying that they have read it, understand it and agree to abide by its contents. According to the treasurer, the City is in compliance with the investment policy. The City's compliance to the investment policy is tested during the City's regular financial audit.

R2.27 The City should require the treasurer and treasury investment board to explore additional financial institutions that could provide additional investment opportunities for the City. Conducting investment transactions only with local banks is an outdated practice that provides minimal benefits to the City. The recent changes in technology, cash management and the banking-industry structure offer the City opportunities to reevaluate investment services and the costs associated with those services provided by local banks.

The treasury investment board should also ensure that the treasurer is maintaining the appropriate documentation on the financial institutions that the City conducts business. The treasury investment board should ensure that the treasurer is evaluating each institution's financial information and the services they provide to guarantee that these financial institutions can meet the City's investment needs. Furthermore, the treasurer and treasury investment board should compare the City's existing financial institution's information to other financial institutions to ensure the City is maximizing their investment opportunities.

F2.33 During the course of this performance audit, the City decided to conduct business with only one bank for its check processing services instead of two banks (see **F2.18**). Previously, the banks charged fees to the City indirectly by setting target balances for minimal amounts to remain in each checking account. This floor amount was based on the City's total amount of funds invested with the bank and the number of checks and other transactions the bank processes for the City daily. One bank changes its target deposit balance quarterly and the other bank has not changed its target balance for years. Based on these target balances, the city auditor estimates that the City incurred an opportunity cost of approximately \$22,000 annually from not investing these funds. As a result, the city auditor negotiated with one bank to handle all the City's banking needs. The bank offered the City a higher interest rate on its accounts and lower fee structures. In addition, the City is now able to monitor and conduct transactions online. According to the city auditor, by moving all the City's accounts to one bank, the City will save approximately \$50,000 per year. However, the city auditor did not formally solicit competitive bids for its banking services.

R2.28 Although the City obtained a more favorable fee structure and interest rate by conducting business with only one bank, the City did not formally solicit competitive bids for its banking services. If the City implements a procurement policy for banking services, the City would be able to reevaluate the banking services currently received on a periodic basis. In addition, recent changes in technology, cash management practices and the banking-industry structure offer local governments opportunities to reevaluate banking services and costs. The following list summarizes best practices the City could use to receive effective banking services at a reasonable cost:

- Periodically initiate competitive-bidding and negotiation processes, in accordance with state and local laws and regulations, for major banking services. The process should include requests for proposals and should cover services, fees, earning credit rates, and availability schedules for deposited funds.
- Have contracts for banking services that specify services, fees and other components of compensation.
- Evaluate the relative benefits and costs of paying for services through direct fees, compensating balances, or a combination of the two. Compensating-balance arrangements can offer convenience and seemingly low costs.
- Evaluate the City's needs against the costs and benefits of specific banking services, including but not limited to, reconciliation services, lock-box services, electronic-balance and transaction-reporting services, electronic payments, overnight sweep accounts and safekeeping and custody arrangements.

By implementing best practices in the procurement of banking services, the City could continue to save money by further reducing fee structures and increasing interest rates.

F2.34 The treasurer is charged by Ohio law and the City's investment policy to conduct and manage the City's investment activities. However, the city auditor prepares a monthly report that includes investment information received from the treasurer for city council. The report details all investments currently held, along with their book value and market value, estimated gain or loss and actual investment income or loss.

R2.29 Since the treasurer is ultimately responsible for managing the City's investment activities, the City should ensure the treasurer is preparing and sharing the results of all investment activity at city council meetings. The treasurer should be responsible for preparing an investment report that details information about the City's investments. The city auditor should still provide assistance to the treasurer in reporting the City's investment activities; however, this function should be primarily the treasurer's responsibility.

F2.35 The city auditor, in an effort to better diversify the City's investment portfolio, invited external financial advisors to make presentations to city council on two different occasions. The treasurer was present at the presentations; however, the treasurer did not favor any of the suggestions presented by the financial advisors, and city council did not retain any of the financial advisors' services. According to the treasurer, the financial advisors suggested the City invest in instruments that are not authorized by the ORC. However, after review of one of the financial advisor's presentation, all investment instruments suggested are in compliance with the ORC and the City's investment policy. For example, the financial advisor suggested the City should diversify its investment portfolio by investing in treasury bills, notes and bonds as well other state and federal obligations.

R2.30 The City should consider consulting with an outside financial advisor to help manage the City's investment portfolio. The City should use a request for proposal (RFP) process when selecting an investment advisor to promote fairness and objectivity. The RFP process should help the City to compare respondents and to obtain the best price and level of service. The City should have a clear understanding of the City's investment needs and should carefully develop an RFP that complies with the ORC and the City's investment policy. The following list outlines considerations that should be included in the RFP:

- Provide a clear and concise description of the scope of work, specifying the length of the contract and indicate whether joint proposals with other financial advisors is acceptable;
- Include objective selection criteria and explain how proposals will be evaluated;
- Present all required fee structures in a standard format; and
- Require at least three references from other public-sector clients.

No financial advisor should be given an unfair advantage. Procedures should be established for communicating with financial advisors, determining how and over what time period questions will be addressed, and determining when contacts with financial advisors will be restricted. Additionally, the City should consider taking the following steps to select an appropriate financial advisor:

- Take steps to maximize the number of respondents by using mailing lists and advertisements.
- Give at least three weeks for financial advisors to develop their responses to the RFP.
- Establish evaluation procedures and a systematic rating process, conduct interviews with proposers and undertake reference checks.
- Document how the selections were made and the rankings of each firm.

The cost of consulting with a financial advisor would be offset by additional investment income the City would receive. According to one of the financial advisor's presentations, the City could have received an additional \$90,000 in investment revenue if the City would have used their services.

F2.36 The treasury investment board was created by the City's investment policy for the purpose of assisting the treasurer in making sound investment decisions of the City's funds. However, the treasury investment board does not meet on a regular basis. Last year, the treasury investment board only met once. According to the treasurer, another meeting was scheduled, but it was canceled due to conflicts in scheduling among members. The treasurer does not document any suggestions or recommendations that the treasury investment board provides. According to the treasurer, the treasury investment board has not provided any useful recommendations so there is no reason to document them. In addition, the treasurer does not have any policies or procedures to follow when deciding to implement recommendations or suggestions.

R2.31 The treasury investment board should meet more frequently with the treasurer to discuss the City's investment activities. Since the treasury investment board was created to assist the treasurer with investment activities, the treasurer and treasury investment board should make the necessary time to discuss all the suggestions and recommendations made by the group. In addition, the treasurer should maintain documentation of suggestions and recommendations made, including reasons why or why not these ideas were implemented. Furthermore, a formal policy should be created outlining how the treasurer decides to handle suggestions and recommendations made by the treasury investment board. Copies of this documentation should be provided to all members of the treasury investment board for their record and review.

Financial Implications Summary

The following table represents a summary of the revenue enhancements and implementation costs discussed in this section. For the purposes of this table, only recommendations with quantifiable financial impacts are listed.

Recommendation	Revenue Enhancement (Annual)	Implementation Cost
R2.16 Train employees to perform the accounting conversion in-house rather than outsourcing	\$11,000	\$1,000
R2.21 Reduce overtime costs by implementing changes in payroll processing	\$1,900	
R2.23 Increase the use of direct deposit	\$9,000	
R2.26 Diversify the City's investment portfolio	\$50,000	
Totals	\$71,900	\$1,000

Other recommendations identified in the performance audit that are not listed above could potentially provide additional revenue to the City if the recommendations are implemented. For example, if the City competitively bid its banking services, the City could reduce its required target deposit balances and potentially improve cash flow and allow the City to make additional investments. Furthermore, the implementation of several recommendations identified throughout this performance audit will increase efficiencies within WFD's operations and subsequently impact levels of financial decision making and services provided, which would result in additional cost savings and revenue enhancements to the City.

Conclusion Statement

The City could improve the efficiency of its financial operations by implementing several procedural changes and best practices identified throughout this performance audit. Currently, the City does not appear to be as fiscally accountable to the public for the City's finances when compared to the peers. Since the City's budgetary processes, financial reporting methods, payroll processing procedures and investment activities significantly affect the City's financial operations, the City should take the appropriate steps to ensure financial policies and procedures are in place to allow the City to be more fiscally accountable. Because WFD is significantly involved in these functions, City officials and department managers should work with WFD to enable the City to achieve a higher level of fiscal accountability.

The City's budgetary process does not include policies and procedures that would make the budget more useful to all City departments and the public. For example, the City's budget is not guided by a formal timetable that outlines when specific budgetary activities should take place. A budgetary timetable would ensure citizens that the City is using the highest level of fiscal integrity and efficiency to accomplish the budgetary process. In addition, the City's budgetary process does not facilitate community involvement. Since the citizens recently approved a 0.5 percent increase to the City's income tax, the City should be held accountable for how the additional revenue will be allocated and spent. The City should accomplish this by providing a breakdown of how the additional income tax revenue will be allocated and spent in the budgetary process. Furthermore, the City should link the budget to accomplishing specific goals and performance measures as well as present a concise summary and guide to the key issues and aspects of the operating components of the budget to ensure the education and involvement of the public.

WFD does not create a five-year forecast or produce a Comprehensive Annual Financial Report (CAFR) as part of its financial reporting responsibilities. In contrast, both peers create a five year forecast and produce a CAFR in order to be more fiscally accountable to the citizens they represent. A five-year forecast that provides projected financial information and detailed underlying assumptions, would provide City management, as well as the general public, a more comprehensive understanding of its anticipated financial condition. In addition, production of a CAFR would provide detailed information for citizens to review and build citizen confidence in the City's accountability.

There are several process improvements the City could implement to make the payroll process more efficient. Currently, the City has two payroll timekeeping systems to capture payroll information: Kronos Timekeeper Central and a manual record keeping system. As a result, the method for collecting payroll information varies from department to department and is a labor-intensive process involving some duplication of effort. In order to streamline the process, the City should consider implementing the Kronos Timekeeper software for all departments. By using only one payroll timekeeping system to collect and maintain payroll information, the City could decrease the amount

of time spent on payroll functions thereby decreasing payroll costs. In addition, the City could further improve the payroll process by considering a two week lag in payroll processing to allow for timely detection and correction of payroll discrepancies. Furthermore, the City should continue to encourage employees to use direct deposit.

The City should take appropriate steps to improve the management of the City's investment activities. The treasurer is the investment officer for the City and is charged by Ohio law and the City's investment policy with the responsibility of making deposits and purchasing and selling securities. During 2001, the treasurer invested the majority of available funds (60 percent) in certificates of deposit (CDs). Investing the majority of available revenue in CDs alone prevents the City from investing in other instruments that could potentially provide more revenue. To further diversify the City's investment portfolio, the City should consider consulting with an external financial advisor and monitoring the interest rates of other authorized investment instruments. By consulting with an external financial advisor and monitoring interest rates more closely, the City could identify other authorized investment opportunities that may potentially provide additional investment revenue. Furthermore, the treasury investment board should meet with the treasurer on a regular basis to discuss the City's investment activities. Since the treasury investment board was created to assist the treasurer with investment activities, the treasurer and treasury investment board should make the necessary time to discuss all the suggestions and recommendations made by the group.

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Health Department

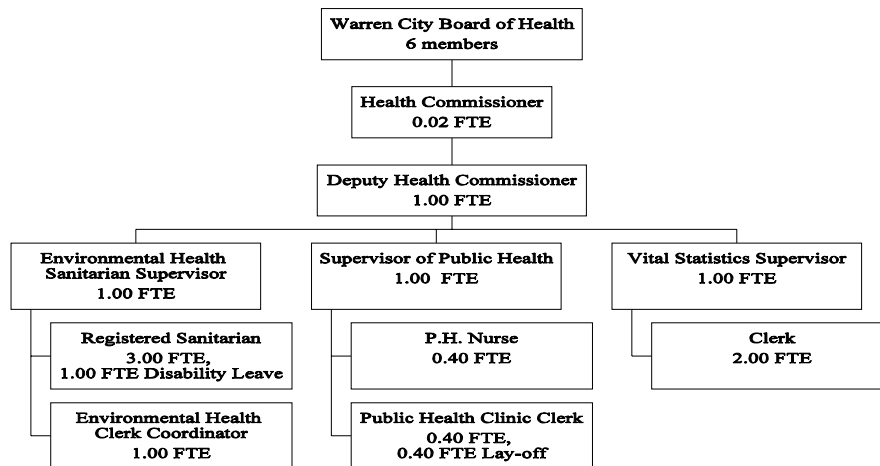
Background

This section of the performance audit focuses on the City of Warren’s (the City) Health Department. Comparisons are made throughout the report with the peer cities of Elyria, Marion, and Middletown. The Warren Health Department (WHD) is one of 55 city health districts in Ohio. The remaining local health districts in the state are county-run. WHD is organized into three functional divisions: environmental health, public health and vital statistics. As shown below in **Chart 3-1**, each of three divisions is managed by a supervisor who reports to the deputy health commissioner.

Organizational Chart

WHD’s organizational structure is depicted by **Chart 3-1**.

Chart 3-1: Health Department



Organizational Function

WHD, the City’s local health district, is governed by a Board of Health, as prescribed by Title 3707 of the Ohio Revised Code (ORC). The district is charged with ensuring public health pursuant to Title 3709 of the ORC. The district must additionally adhere to minimum standards prescribed by the Ohio Public Health Council including:

- Monitoring and reporting the existence of certain contagious and infectious diseases to the Ohio Department of Health (ODH);
- Maintaining vital statistics; and
- Maintaining a solid and infectious waste program (as an Ohio Environmental Protection Agency-approved health district).

The ORC also grants local boards of health the right to adopt orders and regulations necessary for the district’s own governance; for the public health; for prevention or restriction of disease; and for prevention, abatement or suppression of nuisances.

WHD is also charged with inspection duties pursuant to Chapter 1367 of the Warren City Administrative Code:

- Investigating public nuisances;
- Issuing rental dwelling permits; and
- Condemning and demolishing unsafe structures.

Summary of Operations

WHD is headed by a health commissioner appointed by, and reporting to, the City Board of Health. The City Board of Health, has five volunteer members appointed by the Mayor and confirmed by City Council. The Mayor, as dictated by ORC § 3701.05, is president of the board. The deputy health commissioner oversees the day-to-day operations of WHD. WHD’s responsibilities fall into three categories: environmental health, public health and vital statistics.

Environmental health functions of WHD include addressing housing and air pollution complaints, managing a weed control program and a mosquito control program, and inspecting a variety of establishments.

Food establishment inspections:

- Commercial and noncommercial food establishments;
- Mobile and vending food services/machines; and
- Festivals.

Housing activities:

- Inspecting and permitting rental units;
- Inspecting guest establishments;
- Inspecting vacant residential structures;
- Inspecting mobile homes;
- Investigating nuisance complaints (including animal complaints); and
- Condemning and demolishing structures.

Other inspections:

- Swimming pools (public) and spas;
- Septic systems;
- Massage establishments;
- Tattoo establishments;
- Public and private schools;
- Infectious waste establishments;
- Recycling facilities; and
- Mechanical amusement devices.

WHD's public health division provides a number of health service programs including:

- Child and adult immunizations;
- Flu immunizations;
- Head lice checks;
- A county-wide sexually transmitted diseases clinic;
- A dental sealant program for children;
- Bureau of Children with Medical Handicaps (BCMh) services; and
- Welcome Home, a program for new mothers.

Vital statistics staff maintains birth and death records as well as burial and crematory certificates. While most local health districts only maintain vital statistics for their own jurisdiction, WHD handles these records for all of Trumbull County.

WHD also has public health and environmental health responsibilities in the event of large scale disasters. WHD is responsible for dealing with issues of disease control, water quality, contamination of food, and sanitary problems. WHD has an emergency plan that includes procedures for mobilization, response and recovery in the event of such a disaster. The plan includes protocols for investigating public health threats and a checklist of necessary tasks. In addition, the plan delineates the roles of other organizations such as the Ohio Department of Health, local hospitals and the Red Cross.

Staffing

Table 3-1 displays the staffing comparison during FY 1999 and FY 2000 for WHD.

Table 3-1: Health Department Staffing

Position	# of Budgeted Staff	Year 2000 # of FTEs	Year 1999 # of FTEs
Health Commissioner	1	0.02	0.02
Deputy Health Commissioner	1	1.00	1.00
Sanitarian Supervisor	1	1.00	1.00
Registered Sanitarian	4	3.00 ¹	4.00
Environmental Health Clerk	1	1.00	1.00
Health Clinic Supervisor	1	1.00	1.00
Nurse	1	0.40	1.00
Clinic Clerk	1	0.40	1.00
Vital Statistics Registrar	1	1.00	1.00
Vital Statistics Clerk	2	2.00	2.00
Total	14	10.82	13.02

Source: Warren Health Department

Note: An FTE refers to a full-time equivalent employee.

¹An additional 1.0 FTE sanitarian was on disability leave for all of FY 2000.

In addition to the staff listed in **Table 3-1**, WHD also uses contract employees for nursing and dental services. Nursing services are currently contracted on an as-needed basis. In FY 2000, contract nursing services were used to assist with flu vaccinations for three days. To administer its dental grant program, WHD contracts with one dentist, two dental hygienists and one dental assistant.

Excluding the health commissioner who is not involved in daily operations, **Table 3-1** indicates WHD currently operates with 10 full-time employees and 3 part-time employees. Between FY 1999 and FY 2000, WHD lost a total of 2.2 FTE positions due to the layoff of a part-time clinic clerk as well as the reduction of one nurse from a full-time position to a part-time position. A full-time sanitarian was on disability leave for all of FY 2000.

All required certifications are up-to-date and directly relevant to the duties of each employee in the department. The following position descriptions for the staff listed in **Table 3-1** are based on interviews and department job descriptions.

The city health commissioner, who must be a licensed medical physician, reports to the Board of Health. The health commissioner's duties include signing all birth and death certificates and reviewing policies drafted by the deputy health commissioner. Currently, the health commissioner also staffs the Sexually Transmitted Disease (STD) clinic for WHD.

The deputy health commissioner manages the operations of WHD and supervises WHD staff. The deputy health commissioner also develops and implements department policies and assists in drafting health related legislation for the City.

The sanitarian supervisor oversees the environmental health division and supervises sanitarians. The supervisor also conducts inspections and reviews sanitarians' reports before they file charges in court against property owners.

The sanitarians are responsible for conducting inspections and reinspections, and providing educational consultations. They also investigate food borne illness outbreaks and inspect food establishments, swimming pools, tattoo and massage establishments, and rental units. Finally, the sanitarians enforce the junk and abandoned vehicle ordinance and investigate nuisance complaints.

The environmental health clerical coordinator is responsible for keeping records, processing license and permit applications, sending out renewal letters for permits, and collecting receipts for license and permit fees. The coordinator also answers the phone, records nuisance complaints and takes messages for sanitarians while they are out in the field.

The supervisor of public health, who must be a registered nurse, is responsible for:

- Planning, supervising and coordinating public health nursing activities;
- Managing the public health clinic, Welcome Home and Dental Sealant Programs;
- Administering immunizations;
- Checking children for head lice;
- Writing grants;
- Staffing the STD clinic;
- Conducting home visits for Sudden Infant Death Syndrome and metabolic screening of infants;
- Administering tuberculous skin testing;
- Performing epidemiologic and STD screening;
- Complying with ODH reporting requirements; and
- Providing services at local schools and Warren West Clinic.

The public health nurse is responsible for the Welcome Home program, which involves making home visits to teenage and first time mothers with newborns. The nurse also sends out letters and

makes phone calls to new mothers as part of the program. In addition, the nurse makes home visits for the Bureau of Children with Medical Handicaps (BCMh) program.

The public health clinic clerk manages the paperwork for all clinic programs including immunizations, flu clinics and STD clinics. The clerk manages the billing for all programs, answers phone calls, and schedules appointments. In addition, the clerk tracks immunizations administered and deducts them from the vaccine log. The clerk is also responsible for money handled by the department. The clerk writes receipts for clients and keeps payments in a locked cash drawer.

The supervisor of vital statistics is responsible for the operation of vital statistics which includes the following:

- Overseeing the preparation of birth, death and burial certificates and the corresponding reports;
- Supervising vital statistics staff;
- Maintaining financial records;
- Reconciling accounts receivable for all health divisions;
- Preparing daily cash receipts reports for environmental health, the public health clinic, and vital statistics;
- Performing payroll and purchasing functions for WHD; and
- Taking minutes at Board of Health meetings.

The vital statistics clerks process and maintain birth, death and burial certificates. They also process license applications for massage technicians and issue permits for garage sales. The clerks' cashier duties include accepting payments and reconciling cash drawers on a daily basis. In addition, the clerks process mail and answer phones in the vital statistics area. The clerks also fill in for the environmental health clerk coordinator and answer phones for the public health clinic. The clerks are also responsible for generating statistical reports for births and deaths.

Financial Data

Table 3-2 presents FY 1999 and FY 2000 actual expenditures, and FY 2001 budgeted expenditures for WHD.

Table 3-2: Expenditures, Three Year History

Expenditure Category	1999 FY Actual Expenditures	2000 FY Actual Expenditures	% Change FY 1999- FY 2000	FY 2001 Budgeted Expenditures	%Change FY 2000- FY 2001
Salaries and Benefits	\$619,039	\$559,843	-9.6%	\$598,273	6.9%
Purchased Services	\$107,992	\$72,973	-32.4%	\$94,018	28.8%
Supplies and Equipment	\$21,055	\$15,218	-27.7%	\$20,890	37.3%
Miscellaneous	\$32,738	\$41,834	27.8%	\$65,275	56.0%
Department Total	\$780,824	\$689,868	-11.6%	\$778,456	12.8%

Source: Warren Health Department

Explanations for the significant variances in expenditures are listed below.

- WHD's overall expenditures decreased almost 12 percent between FY 1999 and FY 2000. This decrease was due primarily to cutbacks in the department resulting from city-wide layoffs.
- The decrease in salaries and benefits of approximately \$59,000 accounted for 65 percent of the total reduction in expenditures from FY 1999 to FY 2000.
- The 32.4 percent decline in purchased services and the 27.7 percent decline in supplies and equipment between FY 1999 and FY 2000 were mostly the result of a lower level of service provided by WHD, again due to the personnel reductions.
- In 2001, the budgeted amounts for purchased services and miscellaneous are expected to increase by 28.8 percent and 56.0 percent, respectively, from FY 2000 due to increases in nursing and dental services and an increase in the State's contribution percentage for burial fees.

Performance Measures

The following is a list of performance measures that were used to conduct the analysis of WHD.

- Assess planning and performance measurement efforts;
- Evaluate the vital statistics program;
- Assess the environmental health program;
- Analyze the efficiency of the inspection process;
- Assess the efficiency and effectiveness of the Public Health Clinic;
- Assess the financial condition of the health department;
- Analyze staffing levels;
- Assess the use of technology; and
- Assess customer service for each of WHD's programs.

Findings/Commendations/Recommendations

Organizational Function

F3.1 **Table 3-3** details the functions and staffing of WHD and each of the peer health departments.

Table 3-3: Department Function Comparison

Function	Warren	Elyria	Marion	Middletown
Environmental Health	4.00 FTE	2.60 FTE	3.88 FTE	3.90 FTE
Food, School, Pool & Spa Inspections	X	X	X	X
Animal Bites, Nuisances	X	X	X	X
Infectious Waste	X	X	X	X
Tattoo Est. Inspections	X	X	X	
Massage Est. Inspections	X			
Rental Housing Inspections	X			
Plumbing Inspections			X	
Public Health	1.80 FTE	9.30 FTE	5.60 FTE	6.03 FTE
Infectious Disease Tracking	X	X	X	X
Immunizations	X	X	X	X
Head Lice Checks	X	X		X
Bureau of Children with Medical Handicaps	X	X	X	X
Welcome Home	X			
Early Start		X	X	X
Well Child, Prenatal & Adult Clinics		X		
STD	X (clinic)		X (home visits)	X (task force)
Dental Program	X	X		
Health Education		3.00 FTE		3.38 ¹ FTE
Social Services		1.05 FTE	4.70 FTE (WIC)	
Vital Statistics	3.00 FTE ² County	1.40 FTE City	2.50 FTE City	1.00 FTE City

Source: Warren Health Department and peer cities

Note: An “X” connotes that the health department of that city provides that services or serves that function. The City also contracts with dentists and dental assistants for its dental sealant program and the City of Elyria contracts with obstetricians, pediatricians, dentists and nutritionists for its clinics.

¹ Includes contract employees

² The City’s vital statistics division maintains information and serves all of Trumbull County.

As shown in **Table 3-3**, the City and each of the peer departments have relatively similar environmental health and vital statistics functions with a few exceptions.

- WHD provides vital statistics services for all of Trumbull County, while the peers only provide service for their cities.
- Only WHD inspects rental housing and massage establishments.
- WHD does not have any health education activities, while both Elyria and Middletown have about three full-time employees devoted to health education.
- Unlike WHD and Marion's health department, Elyria runs full-scale prenatal, child and adult clinics, and provides more extensive public health and social services.
- Marion is the only department conducting plumbing inspections and administering the Women, Infants and Children (WIC) program.

R3.1 Health education is one important component of a health department that WHD is currently lacking. WHD should consider expanding its offered services to include health education activities. As shown in **Table 3-3**, both Elyria and Middletown have about three FTEs devoted to this activity. Given WHD's current financial constraints, additional staff for health education activities should be grant funded. Both peers use grant funding, such as tobacco prevention, to pay for health education staff costs. ODH offers a number of grants that can be used for health education purposes. **R3.8** further discusses ways in which WHD could utilize grants to expand its staffing and activities. Health education can be used to address significant health issues or risks in the community and can be instrumental in preventing incidences of diseases. **F3.23** and **F3.24** discuss two issues, head lice and incidents of sexually transmitted diseases, that appear more prevalent in the City than in the peer districts. Health education programs could help WHD effectively deal with these issues.

Staffing

F3.2 **Table 3-4** shows staffing levels for WHD and the peer cities. WHD has a slightly different administrative structure than the peers. While the peers' operations are managed by a health commissioner, WHD's operations are managed by a deputy health commissioner. WHD's health commission position is equivalent to the medical director function at the peers.

Table 3-4: Staffing Level Comparison FY 2000

Position	Warren	Elyria ⁴	Marion	Middletown	Peer Average
Health Commissioner	0.02	1.00	1.00	1.00 ³	1.00
Medical Director	N/A	0.15	0.25	0.25	0.22
Deputy Health Commissioner	1.00	N/A	N/A	N/A	N/A
Business Manager	N/A	1.00	N/A	N/A	0.33
Total Administrative Staff	1.02	2.15	1.25	1.25	1.55
Support Staff	N/A	4.60	N/A	1.00	1.87
Nursing Support Staff	0.40	2.25	N/A	N/A	0.75
Environmental Health Support Staff	1.00	N/A	N/A	N/A	N/A
Total Support Staff	1.40	6.85	0.00	1.00	2.62
Nursing ¹	1.40	7.05	5.60	6.03 ²	6.23
Sanitarians/Inspectors ¹	4.00	2.60	3.88	3.90	3.46
Vital Statistics Registrar	1.00 ⁵	1.00	1.00	1.00	1.00
Vital Statistics Staff	2.00 ⁶	0.40	1.50	N/A	0.63
Total Direct Service Staff	8.40	11.05	11.98	10.93	11.32
Subtotal	10.82	20.05	13.23	13.18	15.49
Health Education Staff	N/A	3.00	N/A	3.38 ²	2.13
Total Staff	10.82	23.05	13.23	16.56	17.61

Source: Warren Health Department and peer cities

Note: The peer cities have social services staff noted in Table 3-3, but not in the Table 3-4 since these services are not performed by WHD.

¹ Includes supervisors

² Includes contract employees

³ Middletown's health commissioner also serves as the director of environmental health.

⁴ In addition to the staffing listed above, Elyria contracts with obstetricians, pediatricians, dentists and nutritionists.

⁵ Vital statistics registrar in the City services Trumbull County unlike peer departments which service only their city.

⁶ Vital statistics staff in the City service Trumbull County unlike peer departments which service only their city.

With a total of 10.82 FTE employees, WHD has a lower staffing level than any of the peers. WHD has 6.79 fewer FTE employees than the peer average of 17.61. WHD's lower staffing levels are most apparent in nursing, where it is 4.83 FTE employees below the peer average.

Table 3-5: Staffing Level Comparison by Category FY 2000

Staff Type	Warren	Elyria ²	Marion	Middletown	Peer Average
1990 Population	50,793	56,746	34,075	46,727	45,849.33
Admin Staff per 1,000 residents¹	0.02	0.04	0.04	0.03	0.03
Support Staff per 1,000 residents¹	0.03	0.12	0.00	0.02	0.05
Health Education Staff per 1,000 residents¹	0.00	0.05	0.00	0.07	0.04
Direct Service Staff per 1,000 residents¹	0.17	0.19	0.35	0.23	0.26
Total Staff per 1,000 residents¹	0.22	0.40	0.39	0.35	0.38
Admin Staff as percent of total staff	9%	9%	9%	8%	9%
Support Staff as percent of total staff	13%	30%	0%	6%	12%
Health Education Staff as percent of total staff	0%	13%	0%	20%	11%
Direct Service Staff as percent of total staff	78%	48%	91%	66%	68%

Source: Warren Health Department and peer cities

Note: The peer cities have social services staff noted in **Table 3-3** that are not included in **Table 3-5** since these services are not performed by WHD.

¹ Based on 1990 Census

² **Table 3-5** figures do not include Elyria's contract staff, e.g., obstetricians, pediatricians, dentists and nutritionists.

WHD also has the lowest ratio of total staff to its city population, with 0.21 staff per 1,000 residents compared to a peer average of 0.38. The greatest disparity between WHD and the peer average in staff per 1,000 residents is in direct service staff (0.17 versus 0.26). Support staff per 1,000 residents at WHD is slightly lower than the peer average (0.03 versus 0.05). Administrative staff appear comparable, both in terms of staff per 1,000 residents and staff as percent of total WHD staff. Because WHD's total staffing levels, as well as its ratio of staff to residents, is lower than the peers, WHD may not be able to provide adequate levels or types of services. The adequacy of WHD's staffing and service levels are further addressed in **R3.15** for environmental health and **R3.19** for public health.

WHD increased its staffing levels in 2001 by increasing a public health nurse from 0.40 FTE to 1.0 FTE and adding a 1.0 FTE property maintenance code inspector. These additions increase WHD's total staffing to 12.42 FTEs. While the additional staff slightly increases the ratio of total staff to Warren's city population from 0.21 to 0.24 staff per 1,000 residents, WHD still has a lower ratio than any of the peers.

Planning, Reporting and Performance Assessment

F3.3 WHD engages in some regular strategic planning activities. Goals and objectives for each division are updated quarterly. In addition to an overall mission statement, each division has its own specific mission statement. WHD does not, however, have a formal strategic plan or engage in a needs assessment as part of its strategic planning (see **F3.6** and **R3.5**). Lack of a formal strategic plan can cause an organization to misdirect its resources towards programs that do not meet the needs of its clients and intended mission.

Strategic planning is an important component of sound management practices and can help an organization coordinate its budgeting processes with program needs. Generally, a five-year strategic plan is recognized as a standard time horizon for long-term planning. A strategic plan should:

- Establish the overall mission, vision, goals, and objectives of the organization;
- Establish mechanisms for coordinating and monitoring projects among different departments;
- Address issues that are common to all projects;
- Prioritize projects;
- Identify resources required to achieve desired outcomes;
- Assess programs' current and past successes in order to inform necessary parties;
- Improve performance through monitoring; and
- Increase accountability for stakeholders and management.

R3.2 WHD should place a priority on formulating a formal long-term strategic plan that builds on its current strategic planning efforts. The plan should develop objectives, definitions of desired outcomes, and realistic time lines for its implementation. The plan should be used to monitor progress toward specific objectives or priorities. The strategic planning process should include a needs assessment to determine the needs of WHD's target population. In addition, the process should involve a wide variety of stakeholders and allow input by the community. It should include a plan for communicating the strategic plan to clients and to the general community. The plan should be updated yearly and presented to the Board of Health for adoption.

F3.4 WHD does not use formal benchmarks to measure its operational performance. WHD does not track the number of inspections, licenses and permits processed, or certificates processed on a per employee or department-wide basis. In addition, it does not appear to use any efficiency measures in its management decision making process.

Performance measures are important because they enable staff, taxpayers and program users to monitor progress toward achievement of financial, service and program goals. Performance measures are a system of client-focused quantified indicators that let an organization know if it is meeting its goals and objectives. Performance measures should be used as a management tool to assist with planning, budgeting, structuring programs and controlling results. Benchmarks and performance measures can be used to determine appropriate division of labor, workload and staffing decisions, and the proper allocation of resources.

Both the Ohio Department of Health's *Guide to Community Health Assessment* as well as national guides such as *Health People 2000* can be helpful tools for determining appropriate benchmarks and performance measures for WHD.

R3.3 WHD should develop program performance measures for each program activity and incorporate these into the budget thereby shifting the budgetary focus from inputs to outputs, results and outcomes. WHD should develop a methodology to collect and analyze the results of internal and external performance data. These performance measures will need to be correlated with WHD's objectives and tied to its strategic plan in order to effectively evaluate performance. New management reports should also be designed to provide elected officials, administrators, and department heads with additional management information including performance measures. This management information may allow WHD to increase its efficiency by allowing for a more appropriate allocation of workload among staff. Further, this information can be communicated in an easy-to-understand format that will more effectively present information to key stakeholders of WHD's performance. Examples of issues that WHD should consider measuring include:

- Staff time spent by type of inspection;
- License and permit applications processed;
- Time required to complete inspections by type;
- Number of violations investigated;
- Wait time for inspections;
- Number of birth and death certificates processed per staff; and
- Reduction in incidence of food borne illness.

F3.5 WHD is required to submit an annual report to the City Council pursuant to Chapter 149 of the Warren City Administrative Code. The report must include information including department staffing, the number of inspections conducted, total fees collected, nursing services provided, and a summary of vital statistics. The current annual report consists simply of tables of the required data prepared by the divisions, but provides no analysis or explanation of the data. The deputy health commissioner has indicated that he would like to adopt a new format for the report that would include a narrative description of the department's activities.

The health departments of both Middletown and Marion issue annual reports that provide narratives describing the function of each division as well as the achievements of the past year, resulting in a more comprehensive report. Within the City of Warren, the annual report for the Department of Engineering, Building and Planning provides descriptions of activities as well as graphics such as pie charts, graphs and other graphics to allow the reader to readily analyze department statistics.

R3.4 WHD should adopt a new format for its annual report to Council that allows stakeholders to easily understand the information provided. By using such a format, WHD can make its function and achievements more clearly understood by the public and other stakeholders. The annual report should include a summary of activities for each of WHD's divisions as well as major events or achievements. Data should be presented in relevant tables and graphs. It should also incorporate program performance measures (**R3.3**).

F3.6 WHD is not currently engaged in any needs assessment activities for its programs. It does not survey clients about service programs needed or quality of service. As a result, WHD does not appear to have a clear understanding of the needs of its target clientele. WHD is unable to quantify the number of citizens who are unserved or under-served in healthcare. For example, WHD does not know how many children are vaccinated on time.

R3.5 WHD should conduct a needs assessment to determine the needs of its clients, the quality of service provided, areas for improvement, and programs that are needed. Once the needs assessment has determined target clientele and services or programs needed, WHD should direct future grant seeking activities towards meeting these needs. As part of this process, WHD should determine the approximate number of clients in need of its services. It should also seek to identify health risks and health needs associated with demographic sub-populations in the community. The needs assessment should also be used to look for ways to increase awareness of services among potential clients and examine the effectiveness of current outreach, marketing or public relations efforts.

Financial Data

F3.7 **Table 3-6** compares expenditures for WHD and the peers.

Table 3-6: Peer Comparison of Expenditures

Total Expenditures	Warren	Elyria	Marion	Middletown	Peer Average
FY 1999	\$780,824	\$1,706,767	\$918,176	\$625,609	\$1,083,517
FY 2000	\$689,868	\$2,096,039	\$888,134	\$1,084,002	\$1,356,058
Budgeted FY 2001	\$778,456	\$2,141,716	\$1,155,193	\$1,137,985	\$1,478,298

Source: WHD and peer departments.

WHD had lower expenditures than any of its peers for FY 2000 and was more than 50 percent lower than the peer average. For FY 1999, WHD had expenditures lower than Elyria, Middletown and the peer average.

F3.8 Tables 3-7 through 3-9 compare revenue sources for WHD and its peers.

Table 3-7: FY 2000 Revenues

Revenue Sources	Warren	Elyria	Marion	Middletown	Peer Average
Fees	\$470,300	\$512,870	\$160,451	\$143,040	\$272,120
State/Grants	\$67,096	\$955,422	\$413,211	\$521,011	\$629,881
City General Fund	\$172,059	\$633,212	\$338,420	\$300,000	\$423,877
Total Revenues	\$709,455	\$2,101,504	\$912,082	\$964,051	\$1,325,879

Source: Warren Health Department and peer departments.

Tables 3-7 and 3-8 illustrates the source of revenues for WHD and each of the peers. Fees constituted a significantly higher portion of WHD's revenues than those of the peer cities. While WHD relied on fees for 66.3 percent of its revenue, the peer average was only 18.9 percent. In addition, WHD receives only nine percent of its budget from state or grant sources while the peer average was 48.3 percent.

Table 3-8: Revenue Sources Percentage FY 2000

Revenue Sources	Warren	Elyria	Marion	Middletown	Peer Average
Fees	66.3%	24.4%	17.6%	14.8%	18.9%
State/Grants	9.5%	45.5%	45.3%	54.0%	48.3%
City General Fund	24.3%	30.1%	37.1%	31.1%	32.8%

Source: Warren Health Department and peer departments.

Table 3-9 details some of the grants received by WHD and its peers. WHD received a grant award lower than the peer average for all grants as well as for the ODH subsidy. In addition, Trumbull County has made a practice of applying for grants that cover WHD’s district. While WHD consents to this activity, it receives no portion of the grant and is not involved in the implementation of the grant within its district. WHD has indicated that Trumbull County has a greater capacity to apply for grants. WHD will be jointly participating in a cardiovascular grant with Trumbull County in the next year.

Table 3-9: Grants Received

Grants	Warren	Elyria	Marion	Middletown	Peer Average
Child and Family Services	N/A	\$437,520	N/A	\$394,041	\$415,781
Dental Grant	\$19,557	\$21,000	N/A	N/A	\$21,000
Early Intervention/Early Start	\$5,194	\$236,590	\$75,892	N/A	\$156,241
ODH Subsidy	\$16,713	\$39,297	\$11,015	\$42,095	\$30,802
Welcome Home	\$9,055	\$27,400	\$18,362	N/A	\$22,881

Source: Warren Health Department and peer departments

All of the peers currently provide grant-funded services for their jurisdictions. Both Elyria and Marion receive substantial Early Start and Early Intervention grants, which is part of a national preventative health project to address developmental delays in children from birth to age three. Examples of other grants received by the peers include:

- Elyria’s Infant Mortality Grant- \$90,000;
- Middletown’s Tobacco Prevention Grant- \$50,000;
- Marion’s Preventative Health Grant (tobacco compliance checks)- \$14,600; and Wellness Block Grant (prevention of sexually-transmitted disease and teenage pregnancy) - \$19,400

ODH offers a number of grants to local health districts. There are at least 12 grants awarded by ODH that WHD could have applied for in the past year including:

- Prevention grants: Arthritis, Breast & Cervical Cancer Project, Indoor Radon, Nutrition & Cancer Risk, Sexually Transmitted Disease Control, Tobacco Prevention and Control, and Tuberculosis Control.
- Family and community health services grants: Physical Activity, Preventative Health, Rabies Prevention and Control, State AIDS Prevention, and Child and Family Health Services.

R3.6 WHD should make applying for grants a priority in the department. It should specifically seek to increase its grant awards from ODH, as well as from other sources. An increase in grant awards will allow WHD to increase its program offerings for clients and improve its educational outreach activities. Applying for grants will require WHD to conduct needs assessments (see **F3.6**) and better understand the needs of its clientele. WHD should also look closely at the types of grants that were awarded to the peers. An increase in grant revenues will also reduce WHD's reliance on fees and the General Fund for revenue sources. In addition, WHD should seek to fully participate in any grants that Trumbull County applies for jointly with WHD.

Financial Implication: The amount of grant revenue that WHD will receive will be determined by the specific grants that WHD decides to apply for. However, if WHD were able to match the peer average for grant revenue received, it would receive an additional \$582,000.

However, two of the peer cities currently receive grant revenue from programs that WHD may be unlikely to operate. Elyria operates full-scale prenatal, child and adult clinics, while Marion administers the WIC program for the city. Therefore, a more conservative estimate of grant revenues WHD can expect to receive would be \$390,000.

Technology

F3.9 WHD does not appear to be making the best use of available technology. This is evidenced by the followed:

- The majority of records are maintained as paper files.
- Schedules and due dates for most inspections are tracked manually.
- The majority of environmental health staff do not have access to computers.
- Vital statistics staff have some computer access, but track state reporting statistics manually.
- WHD does not have voice mail.

As a result, administrative staff spent a significant amount of time compiling information manually and taking phone messages for staff who are generally out in the field for five to six hours per day.

R3.7 WHD should develop a plan to determine how it can use technology more effectively in the department, particularly in the environmental health and vital statistics divisions. As part of this plan, WHD should determine which staff members would most benefit from having either a personal computer or greater access to shared computers. The plan should include an analysis that compares computer costs to estimated increased productivity for staff.

WHD should consider purchasing voice mail so that messages can be left for the public health clinic and the sanitarians. Both the environmental health clerk and the vital statistics clerks would increase their productivity if they were not required to answer phones for other areas.

WHD should also consider automating functions using voice mail, such as requesting permit applications and birth and death certificates. This would allow WHD to increase customer service and reduce time spent answering basic questions.

Voice-mail is an issue for many of the City's departments. The details of implementation and financial implications of this recommendation will be addressed in the fourth phase of the performance audit in the data processing section.

Environmental Health

F3.10 The environmental health division ensures compliance with State, City and Board of Health statutes, ordinances, resolutions and policies. Its goal is to eradicate the causes of unsafe conditions. This is accomplished primarily through routine inspections, reinspections, and, when necessary, litigation or demolition.

In addition, WHD investigates animal complaints and animal bites. WHD also provides vector control, which refers to animals or insects that are capable of transmitting diseases or causing harm. WHD's vector control activities include rat baiting and a rabies vaccination program for raccoons.

The environmental health division currently consists of four sanitarians and one clerk coordinator. A fifth sanitarian has been on disability leave for the past year. WHD expects to resolve the disability situation in 2001 and, as a result, the position will become open. The division is managed by a sanitarian supervisor who reports to the deputy health commissioner. One sanitarian primarily deals with housing issues such as rental unit permit inspections. The food establishment inspection program is the major focus for two other sanitarians. WHD is in the process of developing a food programs coordinator position (see **F3.12**). The duties of this new position are currently the responsibility of a sanitarian. The sanitarians are cross-trained, and the sanitarian supervisor is currently working to assure that each function can be performed by at least two sanitarians. A property maintenance code inspector is also currently housed in WHD. During the course of the audit, this inspector was only responsible for community development targeted areas, as the position was funded through the Community Development Block Grant (CDBG) program. However, in 2001, the property maintenance code inspector was moved permanently to WHD and is now responsible for all areas of the city. Marion and Middletown's health departments have inspectors, rather than sanitarians, that deal with nuisance issues.

C3.1 The City is commended for placing a property maintenance code inspector in the same department as the sanitarians. In doing this, the City should expect to make more efficient use of the sanitarians’ time. The property maintenance code inspector is able to investigate a number of complaints such as rubbish and debris in yards. This frees the sanitarians to handle more complex complaints.

F3.11 **Table 3-10** compares WHD’s environmental health inspection staff with the peers.

Table 3-10: Environmental Health Staffing Comparison

	Warren	Elyria	Marion	Middletown	Peer Average
Number of Sanitarians/Inspectors	4.00	2.60	3.88	3.90	3.46
Sanitarians/Inspectors per 1,000 residents	0.08	0.05	0.11	0.08	0.08
Total Inspections per Sanitarian/Inspector	1,043	481	1,211	470	721

Source: Warren Health Department and peer cities

With four full-time sanitarians, WHD is currently slightly above the peer average of 3.46. However, when the number of sanitarians per 1,000 city residents is considered, WHD is in line with the peers and equal to the peer average. If WHD fills its fifth sanitarian position, its ratio would rise above the peer average to 0.11. The number of total inspections per inspector is higher for WHD than the peers or peer average. Even if the fifth sanitarian position is filled, WHD would still have more total inspections per sanitarian than the peer average, with 834. This can be an indication that the workload is higher in the City than the peers. This may be, in part attributable to the type of inspections performed in the City versus the peers.

R3.8 The City should monitor the workload of the current sanitarians before filling the vacant sanitarian position. The impact of the new food programs coordinator may be such that an additional sanitarian is not needed. A detailed assessment of environmental division activities, staffing and work load are in **F3.19** and **R3.15**.

Financial Implication: Assuming that WHD would fill the vacant sanitarian position with a Sanitarian I, the cost avoidance for not filling the position would be approximately \$27,750 for salary and benefits (benefits are estimated based on 30 percent of salary).

F3.12 WHD’s food establishment inspection program goals include the regular review and inspection of food establishments and teaching licensees the proper procedures and practices of food preparation, handling and storage. The department currently offers educational

sessions for licensees which focus on new state regulations. The State of Ohio Departments of Agriculture and Health have jointly created new food establishment regulations, effective in March 2001. The new regulations include significant changes in rules for food establishments and require a new cost methodology for health department licenses and inspections. Major provisions of the new regulations include changes in sanitation requirements and new labeling requirements for prepared and ready-to-eat foods. In addition, the new provisions require that a person-in-charge, who is knowledgeable about the Ohio Uniform Food Safety Code and food-borne disease prevention, be present at food establishments during all hours of operation.

In order to cope with the new regulations, WHD is in the process of creating a position of Food Programs Coordinator. Until this position is filled, one of the sanitarians is serving as the acting food programs coordinator. WHD has outlined the duties for the new position:

- Develop and implement compliance policies for all food programs and update them periodically;
- Prepare a yearly schedule of inspections for sanitarians;
- Monitor the field work of sanitarians and review their inspection reports;
- Develop violation compliance forms and coordinate all enforcement activities for the food establishment inspection program (e.g., Administrative hearings, Board action, etc.);
- Conduct routine inspections and investigations regarding reports of food borne illness;
- Conduct educational seminars for local restaurant employees to increase their awareness of safe food practices and prevention of food borne illness;
- Develop and distribute food service operations educational materials pertaining to safe food practice; and
- Assist sanitarians in reinspections where necessary.

Since March 2001, the acting food programs coordinator has conducted three seminars to educate food establishment operators about the new regulations. More than 80 percent of licensees in the City attended the seminars. The acting food programs coordinator also assisted the deputy health commissioner in developing a new fee structure for food establishments which has been approved by the state. The acting coordinator is currently developing policies to standardize protocols for the reinspection of establishments with violations. Currently, this is at the discretion of the inspecting sanitarian. Criteria for reinspection may vary among the sanitarians.

C3.2 WHD has taken a proactive approach addressing the new state food program regulations. WHD has demonstrated a strong focus on educational outreach and is currently one of three health departments in Ohio to hold such seminars. By focusing on education and providing

wide exposure to the new regulations, WHD can potentially reduce the number of repeat inspections for establishments and incidence of food borne illness. In addition, the creation of the food programs coordinator position will help ensure that WHD policies are followed consistently and that inspections occur in a timely manner.

R3.9 The City should make the food programs coordinator a permanent position. As stated in **C3.2**, the position of food programs coordinator can greatly enhance WHD’s food inspection activities. By increasing food operators’ awareness of regulations through educational outreach, the food programs coordinator can help reduce the number of violations that occur in establishments and can potentially reduce the number of reinspections conducted. In addition, by more closely supervising sanitarians and creating detailed procedures, the coordinator can ensure that WHD policies are followed consistently and that food establishments are adequately inspected in a timely manner. The coordinator can also improve regulation compliance by food establishments through improved enforcement procedures. The creation of this position should also improve WHD’s responsiveness to health threats and complaints.

During the course of this audit WHD replaced one of its existing sanitarian positions with the food programs coordinator position. The City’s Human Resource Department indicated that the position could be assumed by a current sanitarian and did not need to be posted externally in order to comply with city hiring procedures.

Financial Implication: The salary for this position will increase from the present sanitarian III hourly rate of \$17.93 to \$18.93. The annual increase will be approximately \$2,080. As an outcome of this position’s activities, the City should see a decrease in violations and reinspections. The City should realize a savings as a result of the decrease in violations, but the dollar amount is difficult to quantify.

F3.13 **Table 3-11** compares the number of food establishment licenses issued and the number of food establishment inspections conducted for WHD and the peers.

Table 3-11: Food Establishment Inspection Comparison

License/Inspection Comparison	Warren	Elyria	Marion	Middletown	Peer Average
Licenses for Food Service/Establishment/Vending	400	277	296	573	382
Food Inspections	1,200	627	853	1,311	930
Inspections per License	3.00	2.26	2.88	2.29	2.48

Source: Warren Health Department and peers.

WHD issued more licenses for food establishments than the peer average (400 versus 382). WHD also completed 270 more inspections than the peer average and had a higher ratio of inspections per license. WHD’s large number of inspections and ratio of inspections per license of 3.00 may indicate that WHD is conducting a higher number of reinspections than the peers. However, different classes of food establishments have different requirements for the number of annual inspections that must be conducted. **Table 3-12** compares the required number of inspections by risk class type.

Table 3-12: Food Establishment Inspections Requirements per Class

	Class 1 and Class 2	Class 3	Class 4 and Class 5
No. of annual inspections required	1	2	2
No. of annual critical control reviews required	0	0	2
Total number of required inspections/reviews per Class	1	2	4

Source: Ohio Department of Health

There are five classes of food service establishments based on the risk of a food borne illness occurring. Class 5 is the highest risk class. The classes are defined by ODH. ODH also has determined the minimum number of inspections that will be done for each class. Critical control reviews, which are required for Class 4 and Class 5 establishments, take longer to conduct than inspections. As shown in **Table 3-12**, the higher the class level, the greater time commitment needed for inspections.

Table 3-13 compares the number of food establishments by class for WHD and the peers.

Table 3-13: Food Establishments by Class

Food Establishment Class (Commercial)	Warren	Elyria	Marion	Middletown	Peer Average
Class 1	40	63	22	50	45.0
Class 2	30	19	17	38	24.7
Class 3	139	109	50	113	90.7
Class 4	49	57	27	61	48.3
Class 5	2	0	0	0	0.0
Non- commercial establishments	54	40	37	39	38.7

Source: Ohio Department of Health, Warren Health Department and peers.

Based on **Table 3-13**, the City has a slightly higher number of Class 4 and Class 5 establishments. It also has a significantly higher number of Class 3 establishments than the peer average (139 versus 91).

Table 3-14 compares the number of minimum required inspections of food establishments for WHD to the peers.

Table 3-14: Minimum Required Inspections by Class

Projected minimum required inspections by Food Establishment Class	Warren	Elyria	Marion	Middletown	Peer Average
Class 1	40	63	22	50	45.0
Class 2	30	19	17	38	24.7
Class 3	278	218	100	226	181.3
Class 4	196	228	108	244	193.3
Class 5	8	0	0	0	0.0
Total	552	528	247	558	444.3

Source: Warren Health Department and peer departments.

WHD has a slightly higher number of minimum required inspections than the peer average (552 versus 444). Thus, while WHD's ratio of licenses to inspections conducted (**Table 3-11**) is affected by the number of required inspections, WHD still appears to be conducting a higher number of reinspections than the peers.

While the State has general guidelines that prescribe what type of violations will require a reinspection, sanitarians have considerable discretion in determining if a reinspection is necessary and what the corresponding time frame will be. The determination of whether a reinspection is needed is based on the risk level for the establishment and the type of violation. WHD cannot charge establishments for reinspections, however, it does have the ability to suspend a food establishment's license if it does not correct violations. The current process of suspending a license is time-consuming and has been used infrequently in the past. WHD has primarily relied upon reinspections to eliminate violations. An establishment must be reinspected four times before a Board of Health hearing is convened to determine whether the establishment's license will be suspended. WHD noted that in the past year, two separate incidences of food borne illness occurred at the same establishment without any license suspension or other repercussions. Investigating the food borne illness consumed the time of all environmental health division staff full-time for twelve weeks. In addition, WHD's ability to track violations and ensure on-time regular inspections is hampered by its paper

filing system. The food programs coordinator has begun to develop a database to track both inspections and violations.

R3.10 WHD should continue its efforts to reduce reinspections through educational outreach. By educating food establishment owners about changes in regulations, WHD can reduce the number of violations that are made due to unfamiliarity of the regulations. WHD should also move forward with its plans to expedite the process for suspending licenses through standardization of the reinspections standards and through administrative hearings to suspend licenses. The creation of the new food programs coordinator position, as discussed in **R3.9**, should also help to reduce WHD's reinspections. A needs assessment may also help identify ways in which WHD can help food establishments reduce violations by asking them to identify areas in which they need assistance. Needs assessments are further discussed in **F3.6**.

F3.14 WHD's housing program includes inspecting and issuing permits for rental units, performing rental inspections upon complaint, boarding abandoned structures, and condemning and demolishing structures that are deemed to be unfit for human habitation. Currently, WHD inspects all rental units before issuing a permit. WHD indicated that the City has a high percentage of residential properties that are rentals. However, WHD does not seek out unregistered rentals and could not provide an estimate of the number of unregistered rentals in the city. However, WHD does locate some unregistered rentals through coordination with the Income Tax and Water Departments. WHD does not charge additional fees for reinspections and has not done an analysis to determine if permit fees sufficiently cover the costs of inspections. None of the peers perform rental housing or guest establishment inspections.

Table 3-15 describes WHD’s housing inspection activities for FY 2000.

Table 3-15: City of Warren Housing Inspections

Housing Inspections	FY 2000
Rental Units Registered	6,474
New Rental Units Registered (New)	219
Rental Units Inspected	772
Reinspections for Rental Units	852
Number of Guest Establishments	248
Guest Establishments Inspected	15
Percent Rental Units Inspected	12%
Percent Guest Establishments Inspected	6%

Source: Warren Health Department.

As shown in **Table 3-15**, WHD inspected 12 percent of registered rental housing units in FY 2000. It inspected six percent of guest establishments.

R3.11 WHD should evaluate its efforts in tracking non-registered rentals. Because the City appears to have a high percentage of rentals, it is important that WHD make aggressive efforts to locate and issue permits for rentals. Inspecting rental units helps the city maintain the quality of the rental housing stock by knowing where rentals are located and by conducting inspections. WHD needs to develop a system for formalizing coordination with other departments to identify rental units. WHD may also be able to identify rental properties through property taxes. Owner-occupied homes in Ohio are eligible for a 2 ½ percent property tax reduction. The Trumbull County Auditor’s Office should be able to generate a list of properties that are not receiving the tax reduction. WHD can then identify properties on this list that do not have a rental permit and follow-up with other information such as utility bills to determine if they are actually rental properties. In addition, WHD should monitor the number of reinspections conducted per unit and determine if permit fees are sufficient to cover the costs of rental inspections.

F3.15 Another responsibility of WHD is investigating nuisance complaints. Nuisance complaints are generally phoned into the department and are recorded by the environmental health clerk coordinator. The complaints are then assigned to a sanitarian by the deputy health commissioner. Examples of nuisance inspections handled by WHD include:

- Dog bite complaints;
- Litter, junk, debris and refuse;
- Abandoned and junk vehicles;
- Improper storage of garbage;
- Vector Control; and
- Weed and high grass.

Table 3-16 describes the type and number of nuisances reported to WHD and the peers.

Table 3-16: Nuisance Abatement, FY 2000

	Warren	Elyria	Marion	Middletown	Peer Average
Nuisances Reported	613	103	1,127	268	499
Nuisance Investigations	1,151	185	3,534	268	1,329
Animal Bites	144	145	102	144	130
Average number of nuisance investigations per nuisance report	1.9	1.8	3.1	1.0	2.0
Nuisances Reported per 1,000 residents	12.1	1.8	33.1	5.7	13.5
Nuisance Investigations per 1,000 residents	22.7	3.3	103.7	5.7	37.6
Animal Bites per 1,000 residents	2.8	2.6	3.0	3.1	2.9

Source: Warren Health Department and peer departments.

WHD has the second highest number of nuisances reported. Although the City’s figures were also higher than the peer average, the peer average maybe somewhat skewed because of Marion’s unusually high number of nuisances reported. Excluding Marion, WHD had over 800 more nuisance investigations than the peers. In addition, WHD had a significantly higher number of nuisances reported and investigated per 1,000 residents than either Elyria or Middletown.

Although, the total number of animal bites reported in Warren were slightly higher than the peer average and Marion, the average per 1,000 residents was lower than Marion, Middletown and the peer average. Based on the latter figure, WHD seems to be doing a comparable or better job at preventing animal bites than Marion and Middletown.

F3.16 The investigation of nuisances often lead sanitarians to cite property owners for violating city property codes. However, WHD has a limited number of deterrents to force the remediation of environmental health violations. Currently, WHD's only recourse is to file charges against the property owners and take them to court. However, the City Municipal Court is not able

to process these cases in a timely manner. For example, a property owner might be cited for high grass in the spring and not have a court date until late fall or winter. At this point, the high grass will have ceased to be an issue due to the weather and, thus, there will be no remedy required and no fee assessed. In addition, if the defendants do not show up for their court dates, they are generally not compelled by the police department (due to lack of staff) to appear. This problem is compounded by a significant number of out-of-town property owners. WHD is often unable to have violations remedied. As a result, sanitarians spend a significant amount of time on each case.

During the course of this audit, a housing court was established within the City Municipal Court. The Court began hearing housing cases every Wednesday in June 2001 and is planning on hearing housing cases every Wednesday from June through August annually. The creation of the housing court and hearing cases every week during the summer months when environmental health code violations are at their peak, should reduce the amount of time it takes to process a case as well as reduce the current backlog of housing cases. Many city property code violations are time sensitive, and without action the condition can deteriorate and become more serious.

In addition to the creation of the housing court, the procedures used to serve violations were changed to allow sanitarians to serve process for housing violations. The procedural changes eliminate the delays caused by sending the violations via certified mail and 30 day wait for the mail to be claimed.

C3.3 The creation of the housing court and set weekly meeting time during the summer will allow the City of Warren to process and resolve environmental health code violations in a more timely manner. Imposing fines against code violators could serve as a stronger deterrent and induce property owners to proactively remedy violations quickly to avoid going to court. The establishment of the housing court will also allow the judge or magistrate to develop a better understanding of housing issues.

R3.12 WHD should continue to work with the City Municipal Court to ensure that the newly established housing court is sufficient to alleviate the backlog of violations and is continued on an annual basis. In addition, WHD should work with both the City Municipal Court and the police department to address the issue of property owners who do not appear for their court dates.

F3.17 During 2000, the City operated without an animal warden. However, as a result of the levy passage in May 2001, the animal warden in the City's police department has been reinstated. As shown in **Table 16** there were 144 animal bites investigated in the City in FY 2000, which is slightly higher than the peer average. The Trumbull County Auditor currently collects a dog license fee but does not share revenue with the City. The Trumbull County

dog warden will provide animal warden services for the City if necessary. However, WHD noted that the City requires a level of service above that which has been provided by Trumbull County.

WHD is recommending to City Council that the City create license fees of \$25 for vicious dogs, \$6 for tags, \$7 for placards to be displayed at residences, and a not-yet determined amount for kennel licenses. WHD is also exploring the feasibility of a \$1 regular dog license fee. All of these fees would be in addition to the current Trumbull County fees and would ensure funding for the city animal warden in the future. The current Trumbull County license fee is \$8 between December 1st and January 31st and \$16 after January 31st. Thus, the total fee for a regular dog license would be \$9, or \$17 after January 31st, and the total fee for a vicious dog license would be \$33 annually, or \$41 after January 31st, plus \$13 for tags and placards.

The City of Shaker Heights charges a dog license fee of \$0.75. This fee is in addition to the Cuyahoga County license fee of \$10 if a dog is spayed/neutered or \$12 if it is not. Shaker Heights is authorized by the county to collect the entire license fee and remit the county portion to the county auditor.

R3.13 The City should ensure that code enforcement occurs to curb domestic pets running at large. If the City does not currently have the capacity to provide these services, it should coordinate with Trumbull County. WHD should determine Trumbull County's responsibility for these services, given that the County currently collects all license revenues. Section 955.20 of the ORC does require that dog license registration fees be kept in a special fund designated to defray the costs of county dog warden operations. However, none of the peer cities rely on their respective counties for service, they all have a city dog warden. Thus, operating a city dog warden function does seem reasonable. Two options for funding this activity would be:

- Trumbull County takes all responsibility for providing animal warden services.
- The City adds an additional license fee to the existing county fee.

Because the City is employing its own animal warden, the preferable option would be to add an additional license fee to the existing county fee.

F3.18 WHD currently has 104 homes that are waiting to be demolished. These homes are unsightly and are a danger to the public health. They have not been demolished due to a lack of funding. WHD has been unable to recoup the costs for demolishing these structures from the property owners. It costs WHD an average of \$2,300 to demolish a structure. Thus, it would cost WHD \$239,200 to demolish these structures. WHD currently has no plan to determine when these homes will be demolished. One alternative suggested by WHD is to allow fire departments to use the houses for controlled burns for training purposes.

R3.14 WHD should create a plan with a time line for demolishing the condemned structures. The plan should include a process and criteria for ranking the properties by their risk to public health. In addition, the plan should assess the potential for rehabilitation rather than demolition of the structures. The plan should address the costs for demolition and consider possible funding options. WHD should continue to explore the usage of these properties by fire departments. WHD should also carry out all necessary steps to assess property owners for demolition costs.

F3.19 WHD inspects the entities listed in **Table 3-17**. WHD is responsible for 23 pools and spas, which is only four fewer than the peer average. WHD appears to be conducting significantly less inspections of swimming pools or spas than the peers, with almost 60 less inspections than the peer average. However, WHD averaged two inspections per pool or spa, which is the same amount as Middletown and only slightly less than Elyria, which averaged three inspections per pool or spa. Section 3749.06 of the ORC requires all swimming pools and spas to be inspected annually by the licensing entity.

Table 3-17: Miscellaneous Environmental Health Inspections, FY 2000

	Warren	Elyria	Marion	Middletown	Peer Average
<i>Pools/Spas</i>	23	39	10	33	27.3
Pool/Spa Inspections	46	125	126	66	105.7
Infectious Waste Generator Inspections	8	2	6	N/A	2.7
<i>Public School Buildings</i>	25	11	17	N/A	9.3
Public School Inspections	50	22	35	N/A	19.0
<i>Mobile Home Parks</i>	1	8	3	4	5.0
Mobile Home Inspections	4	46	7	7	20.0
<i>Massage Establishments</i>	6	N/A	N/A	N/A	N/A
Massage Establishment Inspections	12	N/A	N/A	N/A	N/A
<i>Tattoo Parlors</i>	3	3	2	N/A	1.7
Tattoo Parlors Inspected	5	3	2	N/A	1.7
Landfill Inspections	12	N/A	N/A	N/A	N/A
Other Inspections	N/A	35	N/A	N/A	11.7
Total Miscellaneous Inspections	137	233	176	73	160.7

Source: Warren Health Department and peer departments.

Table 3-18 compares inspection statistics for WHD and the peers. The total number of inspections are based on data from **Tables 3-15** through **3-17** and includes both regular inspections and reinspections.

Table 3-18: Total Inspections per Health Department Inspector

	Warren	Elyria	Marion	Middletown	Peer Average
FTEs of Sanitarians/Inspectors	4.00	2.60	3.88	3.90	3.46
Total Inspections	4,173	1,251	4,697	1,833	2,594
Inspections Per Sanitarian FTE	1,043	481	1,211	470	721

Source: Warren Health Department and peer departments.

Note: Total inspection figures include housing, food establishment, nuisance and miscellaneous inspections.

WHD has a higher number of sanitarians than the peer average. However, WHD also has a higher number of inspections per sanitarian (1,043) than the peer average (721).

Because WHD is generating over 300 more inspections per sanitarian than the peer average, it may be under-staffed. However, WHD should be able to reduce its number of inspections through its food program efforts (see **F3.12**). Establishing the property code enforcement inspector as a permanent employee of WHD can also reduce some of the workload of the sanitarians. As noted in **F3.10**, WHD currently has a fifth sanitarian position that is not active. Filling this position would adjust WHD's number of inspections per sanitarian to 835, bringing it more in line with the peer average.

R3.15 WHD should continue to monitor its caseload per sanitarian and assess the effects of the initiatives discussed above in **F3.10** and **F3.12** to determine if its staffing remains appropriate. In order to assess workload, WHD should use benchmarks and performance measures (see **F3.4**). By developing performance measures and by quantifying its caseload per sanitarian, WHD will improve its ability to manage its staffing levels and may ultimately be able to realize cost savings or increase its level and range of services.

F3.20 WHD's food program fees are the highest among the peers for most risk categories within the food establishment program. The fees must be approved by ODH after health districts submit a cost methodology to justify their fees. WHD's fees have been approved by ODH for FY 2001.

In addition to its food program fees, WHD also has higher fees than the peer average for most environmental health licenses and permits. **Table 3-19** illustrates current fees for licenses and permits in the environmental health division for WHD and the peers. WHD updated most of its licenses and fees in FY 2000.

Although WHD has recently updated all of its fees, it has not made a regular practice of monitoring and updating its fees. Also, WHD cannot determine its costs per inspection because it does not currently collect workload data (see **F3.4**). As a result, it is difficult for WHD to correlate its actual inspection costs per license or permit to its fee structure.

Table 3-19: License and Permit Fees

Fees	Warren	Elyria	Marion	Middletown	Peer Average
Swimming Pools: 1st Pool	\$315.00	\$200.00	\$250.00	\$205.40	\$218.47
2nd Pool (per pool)	\$224.00	\$90.00	\$73.00	\$130.00	\$97.67
1st Spa	\$225.00	\$120.00	\$250.00	\$335.00	\$235.00
2nd Spa (per spa)	\$225.00	\$60.00	\$73.00	\$310.00	\$147.67
Special Use Pools	\$345.00	\$150.00	\$250.00	\$205.40	\$201.80
Manufactured Home Parks: 1st 50 trailers	\$280.00	\$130.00	\$175.00	\$120.50	\$141.83
Each lot over 50 trailers	\$5.00	\$0.25	\$3.00	\$1.14	\$1.46
Sewage Installation	N/A	\$102.40	\$114.00	\$125.00	\$113.80
Tank Cleaners Permit	\$25.00	N/A	N/A	\$50.00	\$16.67
Bacteriological Sample	\$50.00	\$50.00	\$25.00	\$43.75	\$39.58
Tattoo Commercial License	\$100.00	N/A	N/A	N/A	N/A
Tattoo Specialist License	\$50.00	N/A	N/A	N/A	N/A
Massage Parlor Business License	\$735.00	N/A	N/A	N/A	N/A
Massage Technicians- License Renewal	\$640.00 \$65.00	N/A	N/A	N/A	N/A

Source: Warren Health Department and peer departments.

R3.16 WHD should continue to monitor and update its fee structure on an annual basis to ensure that it is reacting to any increased or decreased costs or changes in the scope of its programs. WHD also should develop a methodology providing links between fees and both direct and administrative costs for providing the service that is associated with that license or permit. Once this methodology is in place, WHD will need to develop procedures for collecting the relevant data.

Public Health

F3.21 WHD's public health clinic is staffed by a supervisor of public health, a part-time public health nurse, and a part-time clerk. In addition, the Health Commissioner assists with the STD clinic. WHD also administers a dental grant and contracts with a dentist and three dental assistants to staff the program. WHD's public health clinic staff provide a number of public health services consisting of the following:

- Child Immunization: this program serves all children under the age of 18. No child is refused service regardless of residency or ability to pay. The program focuses on children aged two years or less who are under-served or under-insured.
- Foreign Travel Immunization: immunizations are provided at a minimal cost. This service includes research to determine the type of immunization needed as well as travel health counseling that addresses the hygiene and health hazards of the client's destination.
- Welcome Home: all first time mothers and teen mothers in the City are provided with a visit from a public health nurse. Follow up appointments are arranged if necessary and the program includes a referral to appropriate agencies as needed.
- Pediculosis: head checks are performed every morning. Most patients are referred by school nurses and health aids. The program targets all school children in the Warren City and parochial schools.
- Dental Sealant Grant: all second and sixth graders in the Warren, Niles, La Brae and Hubbard school systems are screened with parental consent to determine if they have teeth eligible for sealants. Children who meet eligibility requirements following the evaluation have sealants applied. In addition, follow-up care is provided periodically throughout the year and the following year. If a child requires additional care, referrals are made.
- STD Clinic: this clinic serves the entire county and is the only public health facility in Trumbull County that provides STD care.
- Bureau of Children with Medical Handicaps: this state program provides home evaluations by the public health nurse and referrals for further diagnostic tests.
- Public health services also include blood pressure screenings and Mantoux testing.

In addition, the public health supervisor is responsible for investigating all infectious disease cases and all sudden infant death syndrome incidents in the city. WHD also tracks sexually transmitted diseases for the entire county.

F3.22 **Table 3-20** compares the incidence of communicable diseases reported to WHD and the peers.

Table 3-20: Communicable Diseases Reported, FY 2000

Communicable Disease Cases Reported	Warren	Elyria	Marion	Middletown	Peer Average
Chlamydia	210	141	67	154	120.7
Gonorrhea	191	119	12	74	68.3
Subtotal (Cases of Chlamydia and Gonorrhea)	401	260	79	228	189.0
Cases of Chlamydia and Gonorrhea as percent of 1990 Population	0.8%	0.5%	0.2%	0.5%	0.4%
Hepatitis A	0	0	31	2	11.0
Hepatitis B	5	1	3	15	6.3
Hepatitis C	49	31	10	28	23.0
Salmonella	6	14	3	5	7.3
HIV	N/A	1	1	N/A	0.7
Invasive GRP A Strep	0	0	1	10	3.7
Other	56	29	6	23	19.3
TB	0	2	0	5	2.3
Total Cases Reported	517	338	134	316	262.7
1990 Population	50,793	56,746	34,075	46,727	45,849.3
Cases as a percent of 1990 Population	1.0%	0.6%	0.4%	0.7%	0.6%

Source: Warren Health Department and peer departments.

The total number of cases reported to WHD, 517, is almost twice the peer average. In addition, the City's total number of communicable disease cases reported is a higher percentage of its total population for 1990 than for the peers. In the City, cases of chlamydia and gonorrhea as a percent of the population are also higher than the peers or peer average. In looking at the method of transmission for the diseases in **Table 3-20**, approximately 78 percent of the City's communicable diseases are sexually transmitted. These higher rates may indicate a need for a higher level of staff and services at WHD than at the peers in order to address the health needs of its residents.

In 1999, Middletown created an STD task force to deal with a large increase in the incidence of STDs. The taskforce's main activity is to increase community awareness of STDs. The

taskforce, made up of community organizations, includes Middletown Planned Parenthood, Butler County Vocational Schools and the Middletown Social Service and Health Center.

R3.17 WHD should increase its outreach and educational activities related to the transmission of sexually transmitted diseases. As discussed in **F3.24** and **R3.19**, staffing increases may be necessary for WHD to engage in educational outreach. In addition, WHD should consider developing an advisory group or taskforce, like Middletown's, that could pool community resources to deal with this issue. WHD should also seek Trumbull County resources and input as it operates the STD clinic for the entire county.

F3.23 **Table 3-21** presents the number of clients served by public health clinic programs for WHD and the peers.

Table 3-21: Clients Served By Public Health Programs

Program	Warren	Elyria	Marion	Middletown	Peer Average
Head lice checks	446	2	N/A	43	22.5
Immunizations given	3,295	4,788	N/A ¹	6,539	5,663.5
Immunizations given per 1,000 residents	65	84	N/A	140	112
Influenza vaccine (high risk)	1,044	3,825	N/A ¹	1,170	2,497.5
Influenza Immunizations given per 1,000 residents	21	67	N/A	25	46
BCMh	10	234	43	55	110.7
Early Start/Intervention	N/A	4,077	153	N/A	2,115.0
Maternity/Newborn	75	308	362	N/A	335.0
Dental screenings	922	319	157	N/A	238.0
Tobacco Checks	N/A	N/A	68	N/A	N/A
Metabolic screening	1	N/A	2	N/A	N/A
STDs traced	288	63	79	258	133.3
Blood pressure screening	44	N/A	N/A	N/A	N/A
Total Home Visits	78	5,413	695	N/A	3,054.0
Nursing Staff FTE	1.40	7.05	5.60	6.03	6.23
Total Home Visits per FTE	56	768	124	N/A	446.0

Source: Warren Health Department and peer departments.

Note: In addition to the above listed functions, the Elyria Health Department also provides social service functions and the Marion Health Department administers Women, Infants and Children (WIC) services.

¹ Marion's health department participates in joint clinic with Marion County. Data on immunizations for residents of the health district are not kept separately.

Table 3-21 indicates that WHD is significantly below Elyria for total clinic visits and is below both Elyria and Marion for total home visits. WHD also has the lowest nurse staffing and is 4.83 below the peer average. As mentioned in **F3.24**, WHD increased its nursing FTEs from 1.40 to 2.00 in June 2001. However, WHD will still be 4.23 FTE employees below the peer average. In addition, WHD administered less immunizations per 1,000

residents than the peer average. WHD currently provides services to less clients in almost every category in **Table 3-21**. STDs traced, dental screenings and head lice are the only program areas where WHD provides service to more clients than the peers. This may suggest that WHD provides a better service in these areas, fosters a greater awareness of its services, or that these issues are more prevalent in the City. If the problems are more prevalent in the City, it could indicate that these activities should be priority areas for educational outreach. **F3.25** and **R3.20** further discuss educational outreach.

WHD has a significantly higher number of head lice cases than the peers. While WHD had 446 cases in FY 2000, the peer average was only 23. WHD indicated that a number of these cases were repeat clients. The public health nurse is available to check for head lice for one half-hour most weekday mornings. Children are not allowed to return to their school until the public health nurse determines that they are no longer a risk for spreading lice. The deputy health commissioner has indicated that he intends to implement an outreach program to reduce repeat cases. For this program, the public health nurses would conduct home visits to teach parents how to properly disinfect their homes and treat their children.

R3.18 WHD should examine the program areas in which it lags behind the peers and peer average to determine if it should be providing additional service in these areas. In addition, WHD needs to consider if it should add service in the areas such as health education and extended clinic services that the peers provide. Both a strategic planning process and a needs assessment, as discussed in **F3.3** and **R3.2**, will help WHD to determine the levels and types of services that it should be providing.

F3.24 Programs in the public health clinic have been cut back since the layoff of a full-time nurse (later brought on 16 hours a week only for the Welcome Home program) and a part-time clerical position. The nursing supervisor has indicated that more immunization clinics are needed. This year, she will hold Measles, Mumps and Rubella II immunizations for sixth and seventh grade students only at their schools. Normally, this clinic is only held for sixth graders. Since the nursing supervisor was unable to hold the clinic last year due to staffing reductions, the clinic will be offered to these seventh graders who were missed last year. Immunizations are also available at Trumbull Memorial Hospital one Monday of each month for 2.5 hours. These two off-site clinics are held jointly with the Trumbull County Health Department and walk-ins are accepted. Trumbull County nursing staff are also present at these joint clinics.

In addition, the State recommends that immunization clinics be walk-in. However, due to the layoffs, the City is currently conducting in-house immunizations by appointment only. In contrast, Elyria's health department holds clinics for 15 hours per month including one weekend clinic. No appointment is required for these clinics. Furthermore, lead testing was not done in 2000, though it has been reinstated at the clinic for 2001. The Welcome Home

program has also been reduced and Bureau of Medically Handicapped Children visits have been almost completely eliminated. Because the nursing supervisor occasionally works off-site, the clinic is closed 12 to 15 hours each month. When the clinic is closed, vital statistics staff take phone messages but are unable to provide information. The public health supervisor has also indicated that she is currently engaged in clerical activities such as answering phones and arranging appointments due to the lack of clerical staff. The public health clerk currently works 16 hours per week.

In July 2001, WHD will begin participating in a pilot program for the Bureau of Medically Handicapped Children (BCMH). In FY 2001, funding will be provided for promoting the program at a rate of \$50 per contact up to a maximum of 84 contacts (\$4,200 maximum) and \$2,500 for the development and implementation of public awareness activities. In FY 2002, \$2,500 is again provided for public awareness activities as well as \$50 per contact up to a maximum of 92 contacts (\$4,600 maximum). In addition, the program will increase the reimbursement per home visit to an additional \$100 per comprehensive visit, \$75 per regular annual visit and \$115 per diagnostic visit. As a condition of the pilot program, WHD will be required to make contact with at least 75 percent of eligible children. The City currently has approximately 176 eligible children living in the district.

The Welcome Home program will also be expanded at this time to provide services to all mothers, rather than just first-time mothers. WHD estimated that there will be 595 births in the City in the next fiscal year. WHD anticipates that it will visit 75 percent of these new infants for a total of 446 visits. The Welcome Home program is projected to bring in an increase of \$14,100 for the next fiscal year. While both of these program expansions will increase the City's revenues, they will also require more nursing staff to meet the program requirements. In May 2001, the Board of Health approved the reinstatement of the public health nurse as a full-time position effective June 1, 2001. The estimated cost for the public nurse's increased hours from 0.40 FTE to full-time will be \$19,700.

Based on the comparison of nursing FTE staff shown in **Table 3-21** and the types of programs and services currently provided, WHD is understaffed in public health. As noted above, layoffs in both nursing and clerical staff have reduced WHD's level of services provided. After considering the reinstatement of the public nurse that has occurred in June 2001, WHD will still have a nursing staff level that is 4.23 FTE below the peer average. In addition, the lack of full-time clerical staff is reducing the amount of time that the director of public health can spend on nursing activities. Furthermore, as shown in **Table 3-20** and **F3.22**, WHD has a significantly higher number of cases of communicable diseases reported than any of the peers and almost twice the peer average.

R3.19 In order to improve its performance and better meet the health needs of its local health district, WHD should increase the level of service that it is currently providing. Given the

constraints of its current financial condition, WHD should look to immediately increase its staff levels in the public health division by one full-time nurse and a 0.60 FTE clerk. WHD should then be able to increase its immunization, lead testing and head lice outreach activities, as well as begin providing other services identified as a need for the district. Potentially, WHD should further increase its staff in the future based on either improved financial conditions or by more aggressively attracting grant funding.

Because WHD's current financial condition constrains its ability to fund staff, it should seek relevant grants from the Ohio Department of Health or other sources to fund these staff needs. **F3.8** provides a more detailed discussion of specific grant opportunities.

Financial Implication: The approximate salary and fringe benefit costs of a 1.00 FTE public health nurse is \$41,800. The increase in salary and fringe benefits for the clerk's increase in hours from 0.40 FTE to 1.00 FTE clerk is \$11,700. As stated above, grant funding can offset the cost of the public health nurse. However, most grants will not cover existing staff and thus cannot be used to offset the clerk salary.

F3.25 WHD does not currently conduct any educational outreach activities as part of its public health program. The nursing supervisor noted that she attended health fairs prior to the layoffs, but no longer has the time to do so. WHD will be engaged in outreach activities as part of the new BCMH pilot program beginning in July. WHD will also be participating in a cardiovascular grant with Trumbull County that will have outreach components. As shown in **F3.23** and **F3.25**, educational outreach is also needed in the district to aid in prevention of head lice and STDs.

R3.20 WHD should develop educational outreach programming. Educational outreach should include providing the public with information on health risks such as infectious disease, lack of exercise, smoking, obesity, substance abuse, the importance of wearing lap and shoulder restraints in automobiles, and behaviors that improve health. WHD should also involve the community in the development of educational programs that address community concerns and should strive to target particular health risks commonly faced in the community. In addition, WHD should seek out grants (see **F3.8**) that would allow it to increase its health education outreach activities.

F3.26 While WHD collaborates with the Trumbull County Health Department on a number of initiatives, it has not built strong relationships with other community organizations. WHD nurses participate in joint clinics with Trumbull County. WHD also participates in joint grants with the County such as a cardiovascular grant that began in July 2001. In addition, WHD is an active member of the Family and Children First Council, which deals with disparity issues affecting local children and adults, and the Lake to River Coalition, a group sponsored by General Motors that addresses health problems in the community. However,

WHD does not engage in any joint activities with either of the hospitals or other organizations in the city. As a result, WHD may be missing opportunities to share resources.

In contrast, Middletown has established a number of advisory groups staffed by members of various community agencies. These advisory groups include the "Healthy Hearts" support team, the STD/Ohio Public Health Leadership Institute task force, the Butler/Warren County Tobacco Coalition, and the Child and Family Health Services Consortium.

R3.21 WHD should develop stronger relationships with hospitals in the city to pool or increase resources and to identify public health issues that could be jointly addressed. WHD should also build stronger relationships with local health-related community groups and universities. For example, WHD could develop advisory groups or task forces to address community health concerns such as access to health care, accident prevention and STD awareness and prevention. This may also provide access to additional resources available through interested parties in the community. After September, 2001, WHD did join Forum Health Trumbull Memorial Hospital in a group effort to create more public awareness in antibiotic resistance as well as biological terrorism awareness. WHD should continue to build on this new relationship with the hospital.

Vital Statistics

F3.27 Vital statistics consists of recording, reporting, and issuing certificates for birth, death and burial certificates. WHD is responsible for vital statistics for all of Trumbull County. In contrast, Middletown, Elyria, and Marion only provide vital statistics services for their municipal jurisdictions. The division also processes massage technician applications and issues garage sale and vendor permits.

Table 3-22 compares the number of certificates processed for each of the peer departments. WHD issued more than twice as many birth and death certificates as the peer average. This variance is probably due to the larger service area of WHD, which serves the entire County. WHD also processed considerably more certificates per FTE staff member than the peer average.

Table 3-22: Vital Statistics FY 2000

	Warren ¹	Elyria	Marion	Middletown	Peer Average
Certified Birth/Death Certificates	20,304	8,129	9,270 ²	10,874	9,424
Burial Permits Issued	1,516	455	N/A	853	436
Total Births	1,795	1,080	1,053	1,146	1,093
Total Deaths	1,891	494	612	745	617
Non-certified certificates	4,002	N/A	647	N/A	216
Vital Statistics Staff (FTEs)	3.00	1.40	2.50	1.50	1.80
Certified Certificates and Burial Permits issued per FTE staff	7,273	6,131	3,708	7,818	5,886

Source: Warren Health Department and peer departments.

¹ Includes figures for all of Trumbull County

² Includes burial permits

F3.28 WHD does not maintain electronic records of vital statistics. WHD's files are all paper and are filed by date. Thus, if a customer does not have the exact date, it is labor intensive to locate the file. Customers often have incomplete or inaccurate information for the birth or death certificates they are seeking. WHD estimates that purchasing computer equipment to begin maintaining electronic records would be \$36,000.

ODH currently accepts either electronically transmitted records or paper records. However, it may eventually require that all local health districts transmit their records electronically. ODH has made Stataquest, a software program that compiles statistics, available to local health districts for free and offers training for staff.

The peer cities of both Marion and Middletown have begun maintaining electronic records. Middletown has been transmitting birth certificates electronically since 1997. Middletown's registrar is currently being trained on Stataquest, and has not yet begun to use it to create reports. Marion began transmitting electronic birth certificates in conjunction with Marion General Hospital beginning in 2000.

Because ODH has not yet completely converted to electronic format, WHD intends to delay making any technology decisions until ODH has determined what the requirements will be. WHD is also hoping that there may be some financial or training assistance from ODH.

R3.22 WHD should begin to investigate technical capabilities and requirements to prepare itself for a transition to electronic record keeping. WHD should have a plan in place to comply with ODH requirements once they have been finalized. As part of this technology plan, WHD

should establish a time frame for the transition to electronic record keeping, determine if earlier records will need to be converted to electronic format and monitor the status of state level initiatives.

F3.29 WHD currently keeps all its birth and death certificate records on paper. The files are not stored in a fire-protected or water-proof environment. If these records were damaged, WHD would not be able to reproduce them. Although ODH does maintain copies of birth certificates from 1908 and death certificates from 1945, WHD would lose the ability to issue certificates and all revenues from this activity if its files were destroyed. WHD’s revenues from birth and death certificates totaled \$162,430 in 2000.

R3.23 WHD should begin storing original birth and death certificates in fire safe cabinets. It is essential that these records be reasonably protected from damage as they are necessary for WHD to perform its vital statistics function.

Financial Implication: The cost for fire and water proof cabinets is estimated at \$18,000.

F3.30 **Table 3-23** compares fees for vital statistics among the peers.

Table 3-23: Vital Statistics Fees

	Warren	Elyria	Middletown	Marion	Peer Average
Birth/Death Certificates	\$8.00	\$7.00	\$7.00	\$7.00	\$7.00
Burial Permit	\$3.00	\$3.00	\$2.50	\$2.50	\$2.67

Source: Warren Health Department and peer departments.

Although Warren has slightly higher fees than the peer average for birth and death certificates, the fees do not appear out of line with peers or the peer average.

R3.24 WHD should continue to monitor its fee structure for vital statistics and update it as needed to ensure that it is reacting to any increased costs or changes in its operations. For example, future initiatives such as the electronic transmission of birth certificates discussed in **F.28** may impact WHD’s processing costs.

Financial Implication Summary

The following table is a summary of total estimated annual cost savings and implementation costs from the above recommendations.

Recommendations	Estimated Revenue Enhancements	Estimated Annual Cost Savings	Annual Estimated Implementation Cost
R3.6 Receipt of Additional Grants	\$390,000		
R3.8 Cost avoidance for not filling vacant sanitarian position		\$27,750	
R3.9 Creation of food programs coordinator position			\$2,080
R3.19 Addition of one full-time nurse and increase of clerk from part-time to full-time			\$53,500
R3.23 Purchase of fire proof cabinets for vital statistics			\$18,000 (one-time)
Total	\$390,000	\$27,750	\$73,580

Conclusion Statement

Although WHD has been affected by the reductions in staffing that occurred in 1999 and 2000 as well as by changes in State regulations for food establishment inspections, WHD could improve its operations in a number of ways. In order to address these changes and effectively manage its use of staff, WHD should implement management tools including strategic planning and performance measures. Additionally, WHD should initiate a strategic planning and implementation process that includes developing long-range goals and conducting a needs assessment to identify and understand the needs of its target population. WHD does not currently use benchmarks or performance measures. Developing these will allow WHD to assess the workload of staff and appropriately allocate staff resources.

WHD's environmental health division has developed a proactive educational approach to its food establishment inspections and the new food programs coordinator position should continue to improve the effectiveness of the food program. As discussed above, WHD should develop performance measures to determine its staffing needs in this division and to determine if a fifth sanitarian is needed. WHD also should develop a plan to deal with its list of condemned homes which are waiting to be demolished.

Inadequate staffing is a significant issue for WHD's public health division. WHD should increase its nursing staff and conduct a needs assessment to determine what services are needed. A number of self-assessment tools are available from ODH and the Center for Disease Control to assist in this activity. WHD also should increase its educational outreach activities and should increase its grant seeking efforts to fund this and other activities. WHD currently receives significantly less revenue from grants than the peers. Trumbull County has received grants to implement programs in the City as well as the rest of the county. However, WHD has generally not been an active participant in these grants. WHD should seek to develop a more participatory relationship with the Trumbull County Health District. WHD should also continue to develop partnerships with local hospitals and local community organizations in order to pool resources and increase services for the district.

In its vital statistics division, WHD appears to process certificates in a timely manner. However, WHD's records are all paper and not kept in a secure fire-safe location. WHD should improve its protection of these records by purchasing fire-safe cabinets. In addition, WHD should recognize the need to eventually convert to electronic records. At some point in the future, the State will require the electronic transmittal of certificates and WHD should begin preparing for this conversion.

Overall, WHD does not make effective use of technology. The majority of WHD's records are currently maintained on paper files and the majority of staff have limited access to computers. WHD also does not have voice mail which impacts the productivity of clerical staff who must answer phones for sanitarians, who are in the field most of the day, and for the public health clinic. WHD should develop a plan to determine how it can use technology more effectively, especially in the areas of record-keeping and telecommunications.

Packard Music Hall

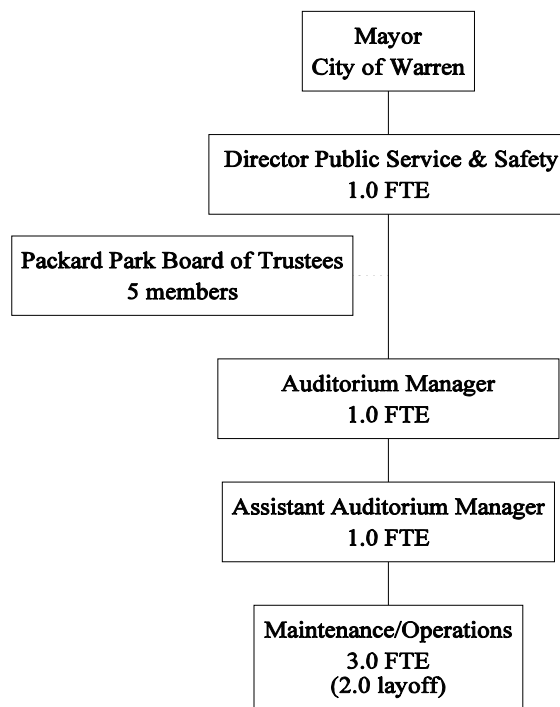
Background

This section focuses on an assessment of the current operations and management of the Packard Music Hall (PMH) with recommendations for improving its operations under the current organizational structure. Comparisons are made throughout the report with the peer facilities of Crouse Performance Hall (Crouse), Powers Auditorium (Powers), and Stambaugh Auditorium (Stambaugh).

Organizational Chart

PMH’s organizational structure is depicted by **Chart 4-1**.

Chart 4-1: Packard Music Hall Organization Chart



Organizational Function

PMH is a city auditorium located in the City of Warren's (the City) 42-acre Packard Park and is governed by a Park Board of Trustees. As prescribed by ORC 755.20, the Packard Park Board of Trustees (Packard Board) is responsible for the general oversight and control of the property donated to the City for the purposes of Packard Park. The purpose of the auditorium is to offer cultural and recreational activities for the citizens of the City of Warren.

Summary of Operations

PMH, which opened in 1955, is a city-owned and operated auditorium. PMH was constructed with funds allocated from the W.D. Packard Trust and donated to the City. Per W.D. Packard's will, the remaining trust funds are used to support the W.D. Packard Band. Four, voluntary members are appointed to the Packard Board by the Mayor to serve staggered four-year terms. In addition, the City Auditor serves as the Secretary of the Board and is a non-voting member. The Packard Board and the City are responsible for the operation and maintenance of PMH. PMH generates revenues through rental fees and receives a subsidy from the City to support operations. Over the past three years, the City's subsidy has ranged from \$75,000 to \$225,000.

PMH hosts a variety of cultural, entertainment and civic events and serves a market area of about 300,000 residents in the Youngstown-Warren regional area. The music hall is the home of the W.D. Packard Concert Band. The Packard Band features professional musicians and performs free monthly concerts at PMH. PMH is a rental-only facility and all promotions and sales are handled by program sponsors who contract with PMH for space and services. The Warren Civic Music Association is a nonprofit organization which sponsors an annual concert series at PMH. The Civic Music Association is in its 61st year of bringing nationally recognized performances, including Broadway shows, dance companies, and orchestras to the Warren area. The Civic Music Association promotes and sells ticket subscriptions to these events. The Trumbull Town Meeting is also affiliated with PMH and sponsors a lecture series each year.

Table 4-1 shows operating statistics for PMH for FY 1999 and FY 2000.

Table 4-1: Operating Statistics for Packard Music Hall

	FY 1999	FY 2000	% change
Total Number of Events:	128	124	(3.1)%
Nonprofit	97	97	
Commercial	31	27	
Total Attendance	120,615	101,505	(15.8)%
Avg. Attendance Per Event:	942.3	818.6	(13.1)%
Hall Seating Capacity	2,400	2,400	N/A
Avg. Percent of Seating Capacity Utilized ¹	39.3%	34.1%	(13.2)%
Number of Rehearsals	43	43	0.0%
Number of Holidays Worked	5	5	0.0%
Number of Cancellations	10	14	40.0%
Total Number of Event Days ²	254	251	(1.2)%
Total Number of Dark Days ³	100	103	3.0%
Average Number of Dark Days Per Month	8.3	8.6	3.6%
Total Revenues	\$454,799	\$326,941	(28.1)%
Total Expenses	\$290,634	\$452,239	55.6%

Source: City of Warren Municipal Auditorium 1999 Annual Report, PMH website, and PMH Manager

¹ Average percent of seating capacity utilized based on maximum stage event seating of 2400. Seating capacity varies according to the type of event and the rooms being used.

² Event days include conversions, rehearsals, and the actual event.

³ Dark days are used for days off, housekeeping, maintenance, and development.

PMH hosts approximately 125 events serving more than 100,000 people each year. More than 75.0 percent of these events are sponsored by nonprofit organizations that rent the hall at a reduced rate. PMH's main auditorium seats about 2,400 for stage performances and 550 for catered events. The facility also offers a smaller auditorium and meeting rooms. Seating can be customized to meet the needs of the specific user. PMH hosts a variety of events including stage events, sporting events, trade shows and meetings.

Staffing

Table 4-2 shows PMH staffing from FY 1998-FY 2000.

Table 4-2: Packard Music Hall Staffing

Classification	FY 1998	FY 1999	% change	FY 2000	% change	FY 2001	% change
Administration							
Auditorium Manager	1	1	0.0%	1	0.0%	1	0.0%
Assistant Manager	1	1 ¹	0.0%	1 ²	0.0%	1	0.0%
Total Administration	2	2	0.0%	2	0.0%	2	0.0%
Support Staff							
Maintenance-Operations	3	3	0.0%	1	(66.7)%	1	0.0%
Total Support Staff	3	3	0.0%	1	(66.7)%	1	0.0%
Total	5	5	0.0%	3	(40.0)%	3	0.0%

Source: Auditorium Manager and facility reports

¹ The Assistant Manager position was vacant for the first 6 months of FY1999.

² The Assistant Manager was laid off by the City from June 2000 through September 2000.

PMH personnel are employees of the City of Warren. The administrative staff are members of the Warren Management Association, and maintenance-operations staff are members of the American Federation of State, County and Municipal Employees (AFSCME) local. Due to the City's financial situation, two maintenance-operations staff were laid off, effective January 1, 2000. These employees have not been reinstated. The assistant manager was also laid off effective June, 2000. The assistant manager position was reinstated September 1, 2000 when the Trumbull County Probate Court (the Court) decreed that W. D Packard trust funds could be used for PMH operations.

Events at the music hall are scheduled during day, evening and weekend hours and the facility must be staffed to cover these hours. The PMH auditorium manager is responsible for the administration, planning and organization of the music hall and oversees operations regardless of the hours. The assistant manager is responsible for assisting in the administration of PMH.

Maintenance-operations personnel are responsible for five general areas: maintenance, housekeeping, conversions, engineering and event support duties. Maintenance responsibilities include repairing and maintaining the structure, grounds, furnishings and equipment, while housekeeping responsibilities include the physical cleaning of the building and grounds. Conversions and event support duties center around the facility and equipment needs of the users for each event. Finally, engineering functions include the operation and maintenance of mechanical equipment in the facility,

such as plumbing, electrical and carpentry work. PMH uses maintenance-operations staff from other City departments on an as needed basis.

The Packard Band is a resident of PMH and members are paid directly from the Packard Trust. PMH users may hire additional event staff including International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators (IATSE) stagehands, caterers, disc jockeys, decorators, and security personnel.

Financial Data

Table 4-3 shows three years actual and one year budgeted financial data for PMH.

Table 4-3: Packard Music Hall Financial History

	FY 1998 Actual	FY 1999 Actual	% change	FY 2000 Actual	% change	FY 2001 Budget	% change
Revenues							
Charges for Service	\$86,162	\$88,289	2.5%	\$84,334	(4.5)%	\$120,000	42.3%
Investment Earnings	(\$207)	\$4,840	2438.2%	\$670	(86.2)%	\$0	N/A
Other Revenue ¹	\$700	\$246,670	35,138.6%	\$166,937	(32.3)%	\$0	N/A
Transfers In from General Fund	\$225,500	\$115,000	(49.0)%	\$75,000	(34.8)%	\$155,000	106.7%
Sale of Public Debt	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Revenues	\$312,155	\$454,799	45.7%	\$326,941	(28.1)%	\$275,000	(15.9)%
Expenditures							
Salaries and Wages	\$181,484	\$149,566	(17.6)%	\$124,485	(16.8)%	\$131,003	5.2%
Benefits	\$54,223	\$58,824	8.5%	\$54,076	(8.1)%	\$62,747	16.0%
Contracted Labor and Services	\$71,690	\$76,514	6.7%	\$115,844	51.4%	\$76,750	(33.7)%
Supplies	\$3,071	\$3,253	5.9%	\$1,382	(57.5)%	\$1,930	39.7%
Maintenance	\$1,811	\$777	(57.1)%	\$537	(30.9)%	\$500	(6.9)%
Capital Outlay	\$0	\$1,700	N/A	\$0	N/A	\$0	N/A
Other Misc. Expenses	\$0	\$0	0.0%	\$155,915	N/A	\$0	N/A
Total Expenditures	\$312,279	\$290,634	(6.9)%	\$452,239	55.6%	\$272,930	(39.6)%

Source: Packard Music Hall Financial Reports

¹ Source of "other revenue" is Packard Trust Fund.

Explanations for some of the significant variances in **Table 4-3** include the following:

A decrease in salaries and wages: The decrease in salaries and wages for FY 1999 was the result of a vacancy in the assistant manager position during the first 6 months of the year. Salaries and wages also decreased in FY 2000 as a result of lay offs.

An increase in contracted labor and services in FY 2000: The increase in contracted labor and services in FY 2000 can be attributed to back payments made to the water department following the replacement of PMH's water meters. According to the water department, PMH's old meters were providing inaccurate readings and PMH had been undercharged for the previous two years.

Decreases in maintenance costs in FY 1999, FY 2000 and FY 2001: PMH decreased spending in the area of maintenance in FY 1999, 2000, and 2001 as a result of decreases in the subsidy amount received from the City in those years.

A decrease in capital outlay in FY 2000: PMH's budget reflects a \$11,382 expenditure for capital outlay in FY 2000. However, the funds were used to purchase air conditioning units for the Packard Park shelter house and were not used for PMH capital expenses.

An increase in miscellaneous expenses in FY 2000: In FY 2000, PMH reimbursed the City \$155,915 from the Packard Trust Fund and the funds were used for operating expenses for the City parks. In accordance with W.D. Packard's will, funds from the trust's earnings are earmarked for the operations of the Packard Band. However, the Court, in its 1998 decision, determined that earnings from the trust could be used for capital improvements based on the premise that PMH is the "home of the Packard Band." In FY 1999, PMH received \$246,670 from the Packard Trust which was set aside for maintenance and capital improvements to the music hall. In FY 2000, the Court issued a declaratory judgment allowing the City to use the trust fund money "one time only" to pay for the operations of the Packard Park and PMH in order to keep the facilities open during the City's financial crisis.

Performance Measures

The following list of performance measures was used to conduct the review of the operations and management of PMH.

- Evaluate PMH’s strategic planning process;
- Assess music hall staffing levels and composition of staff;
- Evaluate the efficiency and effectiveness of music hall operations;
- Determine the adequacy of current facilities and equipment;
- Assess PMH’s options for increasing revenue and facility usage; and
- Assess music hall’s methods for tracking program outcomes and customer satisfaction.

Findings/Commendations/Recommendations

Strategic Planning

F4.1 PMH does not have a clear mission to guide management decision-making regarding funding and operations. In accordance with the Packard Will, PMH was established as the “home of the Packard Band” to provide free or low cost entertainment for the citizens of Warren but continues to operate only due to the City’s subsidies of PMH operations. However, due to the City’s financial difficulties in FY 2000, the City decreased PMH’s subsidy amount and instructed the Packard Board to develop a plan to become self-sufficient. In January 2001, the Packard Park Board adopted a resolution to enter into a formal planning process with Kent State University - Trumbull Campus (KSU-Trumbull) for the purpose of developing a long-range strategic business plan for PMH. Representatives of the Board and KSU-Trumbull comprise a steering committee created to drive the planning process. According to the resolution, the plan should detail PMH and KSU-Trumbull’s shared vision for programming, governance, partnerships, and financial operations.

The board hired a consultant to facilitate the strategic planning process and held community meetings with PMH’s major stakeholders. The consultant gathered feedback from the stakeholders and community members and conducted an assessment of the facility. Involving key stakeholders is an effective process for developing and creating ownership in the plan. Additionally, the board hired an architect to evaluate the facility needs and provide a cost estimate of proposed projects. During the course of the audit, the steering committee’s work culminated in the development of a working document which was then presented to the City Council. Based on PMH’s plan, the Council appropriated an additional \$80,000 from the general fund to subsidize PMH operations for the rest of the year.

C4.1 PMH’s strategic planning process encouraged key stakeholder involvement and created a partnership with KSU-Trumbull. Community and stakeholder support is necessary for PMH to be successful in developing effective programming and services.

R4.1 PMH should continue to involve the City and other stakeholders in determining priorities and developing an implementation plan based on the steering committee’s work. The implementation committee should determine the funding, staffing and other resources needed to meet PMH’s mission. If PMH is to remain a City auditorium, the City should decide, based on community involvement, PMH’s mission and the services it should provide to the citizens of Warren. Additionally, the City should determine the appropriate level of the City’s financial support and assist PMH in securing additional funding to conduct its operations and implement capital improvements in accordance with the mission (see also **R4.10**). If the City determines that it is not feasible to provide PMH with the appropriate levels of funding to make it a viable organization, the City should evaluate the possibility of

PMH becoming a private, non-profit organization similar to Stambaugh and Powers auditoriums.

- F4.2 The steering committee's strategic plan includes broad goals, but does not provide information on implementation or costs. Additionally, the plan's performance measurements do not provide specific criteria to evaluate program performance.

A strategic plan should accomplish the following:

- Establish the overall mission, vision, goals, objectives and strategies of PMH;
- Prioritize goals and objectives;
- Develop an action plan including time frames and resources to meet the goals and objectives;
- Establish mechanisms for monitoring and evaluating progress on goals and objectives; and
- Establish a review and revision process to ensure that plans reflect accomplishments and changes in priorities.

- R4.2** The Packard Park Board should enhance the strategic plan to include a mission statement, objectives, action plans, definitions of desired outcomes, and methodologies for evaluating progress. The Board should incorporate input from PMH staff, the City and other major stakeholders in revising and implementing the strategic plan. Additionally, the Board should regularly review and update the plan to reflect PMH's accomplishments and the changing needs of its key stakeholders. PMH should use the strategic plan as a guide in decision-making and in evaluating the success of its programs.

- F4.3 PMH's strategic plan does not include a comprehensive mission statement to define PMH's purpose and guide staff in delivering services. Mission statements typically describe an organization in these terms:

- **Purpose:** Why the organization exists and what it seeks to accomplish;
- **Business:** The main method or activity through which the organization works to fulfill this purpose; and
- **Values:** The principles or beliefs which guide an organization's staff members as they pursue the organization's purpose.

Without a comprehensive mission statement, PMH management will have difficulty determining the direction to focus their limited resources or how to meet the needs of their major stakeholders.

R4.3 PMH should develop a mission statement that includes the purpose, activities, and values of the facility. The mission statement should be developed based on input from the City and other major stakeholders. As a City auditorium, PMH’s mission statement should reflect the desires and needs of the citizens of Warren. The Board should review and update the mission statement as part of its regular review of the strategic plan. Also, PMH should routinely communicate its mission and accompanying values internally and to the community. By publicizing the mission statement, the facility will be better able to gain support from the community and key stakeholders who have a vested interest in the music hall.

Staffing

F4.4 According to the International Association of Auditorium Managers (IAAM), no specific standards exist for determining staffing levels for auditoriums because facilities vary in size and use. **Table 4-4** shows full-time equivalent (FTE) staffing levels for PMH and Stambaugh.

Table 4-4: Comparison of FTE staffing levels

	PMH before 1/00 lay offs	PMH after 1/00 lay offs	Stambaugh ¹
Full-time Staff:	5.0	3.0	3.0
Auditorium Manager	1.0	1.0	1.0
Asst. Auditorium Manager	1.0	1.0	NA
Auditorium Maintenance Staff	3.0	1.0	1.0
Housekeeping Supervisor	--	–	1.0
Part-time Staff:	0.0	0.0	3.0
Office Help/Housekeeping	–	–	0.6
Housekeeping/Maintenance	–	–	2.4
Total FTEs	5.0	3.0	6.0
Seating Capacity	2,400	2,400	2,554

Source: Facility organization charts and reports

¹ Stambaugh Auditorium was used for comparisons because it is the most similar to PMH in size, use and organizational structure.

As shown in **Table 4-4**, PMH currently operates with 50.0 percent less staff than Stambaugh Auditorium. PMH and Stambaugh are similar in size and use and serve the same market area. Both Stambaugh and PMH have three full-time employees. However, Stambaugh employs an additional five part-time employees (3.0 FTE) to perform housekeeping and

maintenance duties. PMH's staffing of 5.0 FTEs prior to the January 2000 lay offs was more consistent with Stambaugh's levels. If the two laid-off maintenance employees were reinstated, PMH and Stambaugh would both have 3.0 FTEs for operations-maintenance.

PMH does not appear to have adequate staffing to perform necessary maintenance and operations duties. One full-time operations-maintenance employee is responsible for cleaning and maintaining the 45,000 square foot facility and its equipment. Additionally, the employee is responsible for setting up and converting the facility for the various events. In comparison, Stambaugh has two full-time and six part-time housekeeping and maintenance employees for a similar-sized facility. According to the International Facility Management Association (IFMA), 7,900 square feet per maintenance staff is the average for multiple use facilities. At full staffing, PMH would have 15,000 square feet per maintenance staff. PMH uses maintenance staff from other City departments on an as-needed basis. PMH does not reimburse the departments for this service.

According to PMH maintenance and operations policy, the objective of operations and maintenance activities is to ensure a clean and secure environment for public gatherings and to have a positive impact on liability and insurance-related issues. The policy stresses the importance of preventative maintenance in meeting these goals. PMH policy states that an active preventative maintenance and housekeeping program will extend the life of the facility and the equipment. However, due to current staffing levels, maintenance is primarily performed on an emergency or as-needed basis. Limited resources are available for preventative maintenance and non emergency areas of the facility continue to deteriorate until they become problematic.

R4.4 PMH should determine the appropriate maintenance staffing level based on the mission, goals and objectives established in the strategic plan (see **R4.1**). By using the mission statement as a guide, PMH can make decisions regarding the type and number of staff necessary to meet its needs. PMH should also ensure that the number of maintenance employees is sufficient to ensure a clean and safe facility. The condition of the facility is an important factor in PMH's ability to attract and keep business. PMH should regularly review staffing needs based on its accomplishments and changing priorities.

F4.5 PMH and Stambaugh also differ in the management positions they employ. PMH's management consists of an auditorium manager and an assistant auditorium manager while Stambaugh's management includes a general manager, maintenance supervisor, and housekeeping supervisor. When PMH filled the vacancy in the assistant manager position in FY 1999, PMH hired an individual with previous box office experience in anticipation of implementing box office operations. However, the box office is still in the planning stages and PMH is unsure of when they will have the funding available to implement it. The assistant manager was laid off for two months in FY 2000, but was reinstated when

additional funding became available through the Court’s decision to allow Packard Trust funds to be used for PMH operations. Due to the shortage of operations-maintenance personnel, the auditorium manager and assistant manager must assist in performing these duties. PMH management indicated that both management positions are needed in order to ensure adequate oversight of events. In contrast, Stambaugh uses part-time employees on an as-needed basis to oversee weekend events and the full-time manager works events during the week.

R4.5 PMH should assess its management structure based on the mission, goals and objectives established in the strategic plan (see **R4.1**). The number of administrative personnel as well as the assigned job duties should be adequate to accomplish the identified goals of the facility. PMH should regularly review its administrative staffing needs and revise management job duties and staffing levels in accordance with the changing needs and priorities of the facility.

F4.6 **Table 4-5** compares PMH and Stambaugh’s payroll costs.

Table 4-5: Comparison of Salaries and Payroll Costs

	PMH FY 2000	Stambaugh FY 2000
Total Salaries and Benefits	\$178,561	\$146,100
Total Expenditures	\$452,239 ¹	\$369,400
Payroll as a Percentage of Total Expenditures	39.5%	40.0%

Source: Facility Payroll Reports

¹ Includes trust fund monies set aside for capital improvements and maintenance for Packard Park.

As shown in **Table 4-5**, PMH and Stambaugh’s FY 2000 payroll costs as a percentage of total expenditures are about the same. However, Stambaugh’s total payroll costs are approximately 18.0 percent less than PMH’s payroll costs and Stambaugh employs 50.0 percent more staff. Stambaugh is able to keep payroll costs lower while maintaining more staff by using part-time employees for housekeeping and maintenance positions.

R4.6 PMH should consider integrating part-time and volunteer staff into its staffing mix. This is consistent with industry practice and would allow PMH more flexibility to staff events occurring outside the typical work day including evenings and weekends. This will reduce overall payroll costs while increasing staffing and improving flexibility in coverage for after-hours activities and short-term needs. Implementation of this recommendation is dependent on revised staffing levels as determined through PMH’s strategic planning process.

Funding

F4.7 **Table 4-6** compares revenue sources for PMH and the peers.

Table 4-6: Comparison of Revenue Sources for PMH and the Peers, FY 2000

	PMH	Crouse ¹	Powers	Stambaugh	Peer Average
Earned Income	\$84,334	\$972,930	\$1,124,089	\$168,100	\$755,040
Other Revenues	\$242,607	\$706,306	\$1,969,935	\$201,300	\$959,180
Total	\$326,941	\$1,679,236	\$3,094,024	\$369,400	\$1,714,220
Earned Income as a Percentage of Total Revenues	25.8%	57.9%	36.3%	45.5%	44.0%
Other Revenues as a Percentage of Total Revenues	74.2%	42.1%	63.7%	54.5%	56.0%

Source: Financial Reports

¹ Crouse financial information is based on the Convention Center, including performance hall operations.

As shown in **Table 4-6**, PMH and the peers are all subsidized by other sources of revenues. However, PMH requires a larger percentage of subsidy when compared to the peers, approximately 21.0 percent higher than the peer average. PMH and Crouse are public facilities and receive subsidies from local government. In contrast, Powers and Stambaugh are private, nonprofit agencies and solicit private contributions to subsidize operations and to fund capital improvements. The peers have established 501(c)3 nonprofit foundations for fundraising and promotional activities. The 501(c)3 organizations are eligible to receive grants, solicit private contributions and provide additional resources to the facilities. The nonprofit foundations also sponsor events and enter into contracts with performers for events to be booked at the facilities. PMH established a small nonprofit foundation in FY 1999 for educational purposes. The foundation sponsored theater classes and children's programs. PMH dissolved the foundation because it did not meet the Packard Board's larger scale goals of fundraising and promotional activities. The PMH strategic planning steering committee has identified the development of a 501(c)3 foundation as one of its primary goals.

R4.7 PMH should establish a 501(c)3 foundation to support its operations as identified by its strategic planning steering committee. The foundation should have the following purposes:

- Raise funds through grants, private contributions, ticket sales and subscriptions;
- Assist in the development and promotion of quality programming; and
- Provide additional staffing for various duties through paid and volunteer positions.

Funding and support from a 501(c)3 foundation would assist PMH in decreasing its reliance on the City for subsidizing operations. A consultant for Crouse recommended targeting

government sources for particular services or line items rather than relying on generic subsidies. The consultant suggested that government funds should be used for building operations and management staff salaries while funds from earned income should be used for performance, operations, and support personnel salaries. This division of funding allows the facility to hire more support personnel and expand operations based on successful performance.

PMH must determine the appropriate size and make-up of the foundation board. Crouse has 15 voting members on its foundation board of trustees; four trustees are appointed by Crouse's board and eleven are elected from the general public. Additional nonvoting members are recruited through membership campaigns. Members are entitled to certain benefits based on the amount of their contribution. For example, a family membership of \$50 may entitle the member to discounts on tickets, advance notice of events and a quarterly newsletter. In order to be effective, the foundation must be comprised of members who are excited about and understand its purpose.

During the course of the audit, PMH applied for 501(c)3 status for the Packard Music Hall Foundation. At the time of this report, PMH had not received final approval for non-profit status.

- F4.8 According to IAAM, it is common for auditoriums to require some form of annual subsidy. IAAM's 1996 survey results indicated that a significant percentage of facilities expected direct operating revenue to be less than direct operating expenses. IAAM defines direct operating revenue as income generated from rentals, concessions, parking, merchandise, catering, and other such sources. **Table 4-7** compares direct operating revenues for PMH and the peers.

Table 4-7: Comparison of Direct Operating Revenues

Facility	PMH		Crouse ¹		Powers		Stambaugh		Peer Average	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
Rent	\$77,730	88.8%	\$142,479	77.9%	\$116,389	10.4%	\$90,100	53.6%	\$116,323	47.3%
Catering	\$6,605	7.5%	\$0	0.0%	\$0	0.0%	\$0	0.0%	N/A	N/A
Concession Sales	\$3,168	3.6%	\$10,679	5.8%	\$72,764	6.5%	\$78,000	46.4%	\$53,814	19.6%
Merchandise Commissions	\$0	0.0%	\$23,269	12.7%	\$0	0.0%	\$0	0.0%	N/A	N/A
Labor	\$0	0.0%	\$6,481	3.5%	\$0	0.0%	\$0	0.0%	N/A	N/A
Box Office Income	\$0	0.0%	\$0	0.0%	\$74,682	6.6%	\$0	0.0%	N/A	N/A
Ticket and Subscription sales	\$0	0.0%	\$0	0.0%	\$433,790	38.6%	\$0	0.0%	N/A	N/A
Performing Arts Series	\$0	0.0%	\$0	0.0%	\$385,254	34.3%	\$0	0.0%	N/A	N/A
Program Advertising	\$0	0.0%	\$0	0.0%	\$41,210	3.7%	\$0	0.0%	N/A	N/A
Total Direct Operating Revenues	\$87,503	100%	\$182,908	100%	\$1,124,089	100%	\$168,100	100%	N/A	N/A

Source: Financial Reports

¹ This information is based only on performance hall operations for Crouse.

² Crouse charges \$12 per hour for its staff to assist the renter.

As shown in **Table 4-7**, rental income is the largest source of earned income for PMH, Crouse and Stambaugh. However, PMH relies more heavily on income from rentals while Crouse and Stambaugh earn higher percentages of income from other sources to supplement the rental income. PMH earns a lower percentage of its income from concession sales when compared with the peers. About 46.0 percent of Stambaugh's income is from concession sales, while Crouse and Powers' percentages from concession sales are around 6.0 percent of total earned income. The peers' concession incomes include liquor sales, but PMH does not have a liquor license (see also **F4.9**). In FY 2000, Stambaugh earned \$55,000 in liquor sales totalling about 70.5 percent of its concessions sales. Currently, PMH does not earn income from concession sales on a consistent basis. Because PMH does not have a liquor license, promoters purchase liquor licenses and concessions through nonprofit organizations and PMH does not receive a percentage of the sales. PMH management indicated that PMH is not entitled to a percentage of these sales because it is not sharing in the risk associated with the liquor and food sales. PMH earns 50.0 percent of net concession sales from events sponsored by the Trumbull County Fine Arts Council. In the past, PMH also earned 50.0

percent of net concession sales from events sponsored by its former 501(c)3 foundation (see also **F4.7**).

Powers and Crouse have other sources of income in addition to rent and concessions. Crouse earns 12.7 percent of its income from merchandise sales and 3.5 percent from charges for additional labor provided for events. Powers’ largest sources of direct operating revenue, 72.9 percent of its total, are based on general ticket and subscription sales and the ticket sales for the performing arts series. Powers also generates revenues from box office operations and program advertising. Powers differs from the other facilities in that it is owned and operated by the Youngstown Symphony Society. The Symphony takes priority over other shows and brings in ticket sales to the auditorium on a regular basis.

F4.9 The PMH strategic planning steering committee has identified the following options for increasing earned income:

- Develop box office operations;
- Offer in-house alcohol sales; and
- Operate in-house food concessions.

These services are consistent with additional sources of revenue earned by the peer facilities and may help to lower the City’s subsidy in the future. However, PMH has not determined the total costs of implementing these options and is unsure of the additional revenues that could be earned from each source. PMH is in the process of securing estimates for the development of the box office operations. The following is the breakdown of PMH’s initial cost estimates for the box office:

● Renovation of the box office space	\$45,000
● Computerized ticketing system	<u>\$35,000</u>
● Total Cost	\$80,000

When the box office is operational, PMH can sell tickets for promoters and include a handling fee in the price of the ticket. According to PMH management, a \$1-\$2 handling fee is normal. If PMH held 80 ticketed events with average ticket sales of \$1,000, it could cover the cost of the box office. This estimate does not take into account additional personnel to staff the box office. However, PMH’s strategic plan indicates that the foundation, which has not been implemented, will hire additional personnel and recruit volunteers to fulfill these duties.

PMH is also exploring the option to purchase a State liquor license to begin in-house alcohol sales. However, the State does not have any available licenses in the area. PMH management is looking into applying for the license and putting their name on a waiting list

for the first available license. In order to secure a State liquor license, PMH would also have to purchase a food service license and sell food in addition to alcohol. At the time of the audit, PMH management had not calculated the total costs for the license, equipment, supplies or staff needed to operate food concessions.

R4.8 In conjunction with its strategic plan, PMH should develop other sources of direct operating revenue in order to minimize its operating deficit and decrease the subsidy amount required from the City. PMH should first conduct cost/benefit analyses to determine the funds needed to implement new operations and the revenues these operations could generate. The operations proposed by PMH are similar to earned income sources for the peers and may have the potential to increase PMH's percentage of direct operating revenue and thereby decrease the amount of subsidy required to sustain current operations. However, PMH will probably continue to require a subsidy amount to support operations. This subsidy could be provided by the City or by a private, non-profit foundation similar to Stambaugh and Powers (see **F4.7**). Industry experts indicate that it is difficult, and in some cases impossible, for facilities of this type to be profitable, solely from a financial standpoint.

During the course of this audit, PMH took steps to implement this recommendation. PMH purchased a D5 liquor license in January 2002. PMH also applied for a D6 liquor license for Sunday sales. Additionally, PMH purchased a food service license in January 2002. By securing these licenses, PMH was able to begin operating in-house food and alcohol sales. PMH has already experienced a positive impact from moving these services in-house. PMH brought in approximately \$10,000 this year for the annual Toughman event compared with the \$2,500 typically earned. Additionally, PMH is moving forward with the goal of developing box office operations. The City is in the process of soliciting bids from contractors interested in performing the necessary renovations.

Financial Implication: In FY 2000, PMH revenues including the City's subsidy total approximately \$327,000. Assuming the same total revenues, if PMH increased its earned income to the peer average of 44.0 percent (see **Table 4-6**) or \$143,880, the City's subsidy would be reduced by nearly \$60,000. The City could further reduce its subsidy should the Packard Music Hall Foundation become a viable fund-raiser for PMH.

F4.10 PMH relies on rental income and General Fund subsidies to finance its operations. **Table 4-8** shows rental rates and selected service fees for PMH.

Table 4-8: Packard Music Hall Rental Rates & Fees

	Nonprofit Rates		Commercial Rates
	Mon - Thursday	Fri - Sunday	Mon - Sunday
Auditorium with Balcony ¹	\$675	\$800	\$1,000
Auditorium, Main Floor Only ¹	\$550	\$675	\$875
Auditorium, Small Theatre ¹	\$400	\$500	\$750
Small Recital Hall	\$25 per hour	\$25 per hour	\$50 per hour
Meeting Room	\$25 per hour	\$25 per hour	\$50 per hour
Rehearsal, Load-In/Out, Set-Up, etc.	\$25 per hour	\$25 per hour	\$25 per hour
Catered Events	\$300 + cater fee	\$400 + cater fee	\$400 + cater fee (M-Th) \$450 + cater fee (F-Sun)
Catered Events with Balcony	\$400 + cater fee	\$500 + cater fee	\$450 + cater fee (M-Th) \$550 + cater fee (F-Sun)
Backdrop Fee	\$50	\$50	\$50
Cater Fee	greater of 15% of total food charge or \$150	greater of 15% of total food charge or \$150	greater of 15% of total food charge or \$150
Clean Up Fee	\$250	\$250	\$250
Cyclorama, Unbleached Muslin	\$100	\$100	\$100
Grand Piano	\$150	\$150	\$150
Main Stage Power Surcharge: 400 amp	\$400	\$400	\$400
200 amp	\$200	\$200	\$200
Merchandise & Novelties	20% of gross proceeds	20% of gross proceeds	20% of gross proceeds
Event Overtime Charges	\$50 per 15 minutes	\$50 per 15 minutes	\$50 per 15 minutes
Projection Monitor	\$100	\$100	\$100
Spot Light	\$50	\$50	\$50
Scrim	\$100	\$100	\$100
Stageright Portable Riser System	\$250	\$250	\$250
Studio Piano	\$100	\$100	\$100
Television with VCR	\$25	\$25	\$25
Warren Auxiliary Police (Security)	\$8 per hour (4 hour min)	\$8 per hour (4 hour min)	\$8 per hour (4 hour min)
Warren Police (Off-Duty, Armed)	\$20 per hour (4 hour min)	\$20 per hour (4 hour min)	\$20 per hour (4 hour min)
White Cloth Drapes	\$100	\$100	\$100

Source: PMH User Agreements 2001

¹ Rental period for auditoriums is 5 hours.

PMH's rate structure allows for flexibility in renting and maximizes the revenue generated from rentals and associated services. PMH offers a base rental rate for the facility and adds equipment and technical services to the agreement at additional charges. This appears to be a common practice in the industry. The peers also charge a base rate and charge extra for equipment and technical services. A base rate plus additional charges for equipment and technical services helps the facility to control services and the costs of such services. Without this type of rate structure, users will want the maximum services even when they are not essential to the event. Additionally, PMH and Crouse also offer reduced rates for nonprofit organizations. In FY 2000, 78.0 percent of PMH events were charged the nonprofit rate. Similarly, Crouse indicated that approximately 75.0 percent of its bookings were at the nonprofit rate. Using subsidized rates makes the facility marketable to a wider group of potential users.

F4.11 **Table 4-9** compares rental rates for PMH and the peers.

Table 4-9: Comparison of Rental Agreements

	PMH ¹	Crouse	Powers	Stambaugh	Peer Average
Highest Rental Rate	\$1,000	\$1,500	\$2,000	\$1,300	\$1,600
Lowest Rental Rate	\$675	\$1,200	\$2,000	\$1,300	\$1,500
Rental Period	5 hours	8 hours	3 hours	4 hours	5 hours
Rate per Hour Highest Rate	\$200	\$188	\$667	\$325	\$393
Rate per Hour Lowest Rate	\$135	\$150	\$667	\$325	\$381
% of Merchandise Sales	20.0%	15.0%	15.0%	20.0%	16.7%
Stagehands	IATSE rates, 4 hours minimum	IATSE rates, 4 hour minimum	IATSE rates, 4 hour minimum	IATSE rates, 4 hour minimum	N/A

Source: Rental agreements for PMH and the peers

¹ PMH rates are based on auditorium with balcony.

PMH's rental rates are well below the peer average for both the highest and the lowest rates. Stambaugh and Powers serve the same market area and have rates that are \$300 to \$1000 higher than PMH's highest rates. Although PMH's rental period is consistent with the peer average, the PMH's highest rate per hour of \$200 is about 49.0 percent less than the peer average of \$393 per hour. Crouse has a lower rate per hour than PMH because of its longer rental period.

PMH management prepared a proposal to increase use fees and charges for the September 2000 Packard Park Board meeting. However, the Board never formally considered the

proposed increases and the rates have remained the same. **Table 4-10** compares the proposed rates to the peers.

Table 4-10: Comparison of PMH Proposed Rental Rates

	PMH Proposed	Crouse	Powers	Stambaugh	Peer Average
Highest Rental Rate	\$1,200	\$1,500	\$2,000	\$1,300	\$1,600
Lowest Rental Rate	\$875	\$1,200	\$2,000	\$1,300	\$1,500
Rental Period	5 hours	8 hours	3 hours	4 hours	5 hours
Rate per hour highest rate	\$240	\$188	\$667	\$325	\$393
Rate per hour lowest rate	\$175	\$150	\$667	\$325	\$381

Source: PMH proposed use fees and charges

PMH's proposed rates are still below the peer averages, but PMH's highest proposed rate of \$1,200 is only \$100 less than Stambaugh's rate. The proposed rate increase would increase PMH's earning potential while still maintaining competitive rates.

R4.9 PMH and the Packard Park Board should review rental rates and determine an appropriate rate structure. The board should consider an increase in rates at least to the level proposed by PMH management in September 2000. The proposed rates would increase PMH's percentage of earned income, while maintaining lower rates than Powers and Stambaugh which serve the same market area. PMH and the board should review the rates and make appropriate adjustments annually.

Financial Implication: On average PMH holds 115 events each year and 75.0 percent of these events are at the lower nonprofit rate. If PMH maintains the same number of events but raises rates to the proposed levels, PMH would earn \$109,969 at the proposed base rental rate, an increase of \$23,000 over the current base rental rate.

During the course of the audit, the Packard Board passed a resolution to increase rental fees for 2002. New rates range from \$875 to \$1,300 and continue to offer discounts for nonprofit organizations. During 2002, rate increases are effective for all new business. Returning customers will not be required to pay the increases until 2003.

Maintenance and Capital Improvements

F4.12 The PMH facility is in need of building renovations and equipment replacement and PMH does not have a plan in place for capital improvements, maintenance or equipment

replacement. PMH is approximately 50 years old and most of the equipment is original. Repairs and renovations have been minimal and the wear and tear on the facility is apparent. There is water damage in the basement and a recent inspection found asbestos throughout the facility. The boilers and chillers are costly and inefficient. For example, the chillers use tap water to cool the main auditorium and the water is then dumped outside instead of being re-circulated through the system. Current sound and lighting equipment does not meet standards for today's technology and may eliminate PMH as a site for some attractions. Also, the physical signs of facility deterioration may deter potential users from booking at the facility. Additionally, the facility needs upgrades to meet requirements of the American's with Disabilities Act (ADA) and to ensure the safety of the users and patrons. PMH recently applied for a Community Development Block Grant (CDBG) from the City to fund an ADA accessibility project. PMH requested approximately \$37,000 to add a handicap ramp and curb cuts. The Packard Park Board hired an architect to provide an estimate of the costs to renovate and upgrade the facility. According to PMH management, the most recent estimate is approximately \$9 million.

R4.10 The Packard Park Board should develop a capital plan and an equipment replacement plan to identify immediate and long term facility needs. Long-range facility plans can assist PMH in making appropriate decisions regarding the allocation of limited resources to achieve the facility's goals and objectives. The plan should include the following information:

- Historical information about the facility's capacity and uses;
- Overview of the facility's goals and objectives;
- Facility evaluations and capital improvement needs;
- Capacity and space utilization analyses;
- Implementation plan and budget including funding sources; and
- Evaluation process.

The Packard Park Board hired an architect and a consultant to assist it in determining PMH's current and future facility needs. The board should use this information in conjunction with the strategic plan (see **R4.1**) to develop the facility plans.

Ideally, PMH should obtain input from a variety of sources including design professionals, community groups, users, and local government and business leaders. The implementation plan should prioritize the projects according to immediate, short and long term needs. In addition, the City and other stakeholders should assist PMH in identifying revenue sources for one time and ongoing facility costs. If PMH is to become a viable resource to the City, revenues must be identified and funding made available to meet its many capital and equipment needs.

F4.13 PMH allocates little funding for maintenance or capital outlay. **Table 4-11** shows PMH's trend in maintenance costs in relation to total expenditures.

Table 4-11: PMH Maintenance Costs

	FY 1998 Actual	FY 1999 Actual	% Change	FY 2000 Actual	% Change	FY 2001 Budget	% Change
Maintenance Costs	\$1,811	\$777	(57.1)%	\$537	(30.8)%	\$500	(6.9)%
Cost per Square Foot	\$0.04	\$0.02	(50.0)%	\$0.01	(50.0)%	\$0.01	0.0%
Total Expenditures	\$312,279	\$290,634	(6.9)%	\$463,621	59.5%	\$272,930	(41.1)%

Source: Financial Reports

Table 4-11 shows PMH's maintenance expenditures have decreased significantly over the last three years and at a greater rate than total expenditures. Since FY 1998 maintenance expenditures have decreased 72.4 percent while total expenditures decreased 12.6 percent. The International Facility Management Association (IFMA) defines maintenance as the preventive and remedial upkeep and repair of a building and its components. According to IFMA, governmental facilities spend on average \$1.33 per square foot on maintenance costs and multi-use facilities' (government and private) maintenance costs average \$1.82 per square foot. PMH is a 45,000 square foot, multi-use, government facility. As shown in **Table 4-11**, PMH's cost per square foot have decreased since FY 1998 from a high of \$0.04 per square foot to the current rate of \$0.01 per square foot. These rates are well below the averages reported by IFMA for both government and multi-use facilities. The performance of maintenance activities is important to PMH's ability to attract and retain customers and may also impact the safety of staff and customers. Devoting minimal resources to maintenance activities may hinder PMH's ability to increase its earned income and could potentially become a safety and liability issue.

R4.11 In conjunction with the capital improvement and equipment replacement plans, PMH should determine the appropriate costs for maintaining the facility. The Building Research Board of the National Research Council recommends that an appropriate budget for routine maintenance of a facility fall within a range of 2.0 to 4.0 percent of the current replacement value. Similar to capital and equipment needs, PMH should obtain input from the City, community groups and other stakeholders in determining its priorities. The City and other stakeholders should assist PMH in identifying and securing funding for maintenance activities consistent with the identified priorities. Maintenance activities should be performed at a level which enhances PMH's ability to attract and retain customers and ensure the safety and enjoyment of users.

F4.14 PMH management indicated that low maintenance expenditures are due to a lack of financial resources. In 1998, the Packard Park Board petitioned the Court to use money from the Packard Trust to fund capital improvements and maintenance activities. The Court

determined that interest from the Packard Trust could be used by PMH to fund maintenance and capital improvements activities which would benefit the Packard Band. As a result of this decision, approximately \$160,000 was set aside for improvements to the stage rigging and for creation of a computerized box office. However, the Court determined in its Year 2000 decision that this money could be used to keep PMH and Packard Park open during the City's financial crisis. The funds were used to subsidize operations of Packard Park and PMH, and the capital improvement projects were put on hold.

Stambaugh and Powers have undertaken major renovation projects funded in part by appropriations from the State through the Ohio Arts and Sports Facilities Commission (OASFC). Powers received \$750,000 in funds to redesign the marquee and facade and make ADA improvements, including construction of a first floor ticket office. Stambaugh received a \$1.7 million to fund electrical and fire safety projects, new stage lighting, a stage platform lift, a sound system, and HVAC controls. Additionally, the OASFC awarded over \$1 million to the Robins Theatre in Warren for architectural studies and theater renovations. The OASFC oversees state funding for construction, renovation and expansion of Ohio arts and sports facilities. The OASFC evaluates the need for the facility and partners with the local government or nonprofit sponsors. The General Assembly appropriates funds for the projects and requires a local match of at least 50 percent of the total state funding. The peer facilities raised matching funds through their foundations. PMH has not applied for OASFC funds.

R4.12 PMH should apply for OASFC funding for major renovations and equipment replacement as identified in the capital and replacement plans (see **R4.10**). The PMH foundation (see **R4.7**) should carry out a capital campaign to raise matching funds to meet OAFSC requirements. According to the 1998 Court decision, PMH may also be able to use Packard trust funds as matching funds for capital improvement projects. However, the project must directly benefit the Packard Band.

Financial Implication: According to current estimates, it would cost approximately \$9 million to renovate and upgrade PMH to meet ADA requirements and technical and safety needs.

During the course of the audit, a contingency of City of Warren officials and community members met with the State Finance Committee chair to present the City's capital funding needs, including funding needed for PMH capital improvements.

Program Evaluation

F4.15 PMH has not developed a systematic method for evaluating program outcomes or customer satisfaction. The 2000 business plan included the following performance measures:

- Increase in revenue over last year;
- Increase in new revenue sources;
- Increase in number of events over last year;
- Increase in food and beverage per capita; and
- Increase in attendance over last year.

The measures do not include specific criteria for evaluating performance and are not directly related to the goals and objectives identified in the plan. Performance measures are an important management tool that help an organization know if it is meeting its goals and objectives. Performance measurement is a system of customer-focused measurable indicators and should form a basis for planning, budgeting, and evaluating the organization. The following types of performance measures are commonly used in government:

- Inputs: Resources used;
- Outputs: Activities completed;
- Outcomes: Results achieved;
- Efficiency: How well resources are used; and
- Quality: Effectiveness of performance.

Many organizations also measure customer satisfaction to evaluate performance. PMH management developed a user questionnaire to measure customer satisfaction. However, the questionnaire is not distributed systematically and management has not formally assessed previous survey results.

R4.13 PMH should develop a formal methodology for evaluating program outcomes and customer satisfaction. Performance measures should be aligned with PMH's goals and objectives and include specific, measurable criteria to evaluate performance. PMH should review and update performance measures on a regular basis. It is also important for PMH to report progress on performance measures to the board, City Council, and other key stakeholders. This can be done as part of the facility's annual report. PMH management should use performance measurement results to improve decision-making regarding planning, budgeting, and program development.

Financial Implications Summary

The following table is a summary of estimated savings from the above recommendations.

Recommendation	Estimated Annual Cost Savings
R4.8 In conjunction with its strategic plan, PMH should develop other sources of direct operating revenue in order to minimize its operating deficit and decrease the subsidy amount required from the City.	\$60,000
R4.9 PMH and the Packard Park Board should review rental rates and determine an appropriate rate structure. The board should consider an increase in rates at least to the level proposed by PMH management in September 2000.	\$23,000
Total	\$83,000

Additionally, a study commissioned by the Packard Park Board indicated PMH requires an estimated \$9 million in capital improvements and equipment replacement to address safety, technical, and aesthetic needs of the facility.

Conclusion Statement

While PMH has developed a working strategic plan with broad goals and objectives, the City has not defined the purpose for the City auditorium. In order for PMH to move forward with the implementation phase of its strategic plan, the City must determine PMH's purpose and the financial support the City is willing to provide to assist PMH in fulfilling that purpose. The support and involvement of the City and other key stakeholders is necessary for PMH to prioritize its goals and to determine the staffing and resources necessary to implement those goals.

As a result of decreases in staffing levels due to the City's financial difficulties, it appears that PMH staffing levels are not adequate to perform necessary maintenance and operations duties. Based on direction from the City and continued stakeholder involvement in strategic planning, PMH should determine the appropriate staffing levels for management, operations and maintenance of the facility. PMH should consider the use of part-time staff and volunteers to supplement full-time staff and to meet its needs for after hours and short-term needs.

Similar to other performance halls, PMH requires a subsidy to support its operations and capital needs. Most performance halls, auditoriums, and sports arenas are subsidized by private, nonprofit foundations or local governments. PMH also has limited sources of earned income and relies heavily on its low rental rates. PMH has identified and begun implementation of other revenue options such as box office operations and in-house liquor and concession sales. These options are common sources of earned income for this industry. During the course of the audit, PMH increased rental rates to be more in line with its peers. PMH and the Packard Park Board should review its rental rate structure on an annual basis to determine if it would benefit from rate increases in the future.

PMH's facility is in need of renovations and equipment replacement. Repairs and renovations have been minimal and the signs of deterioration are evident. In conjunction with its strategic planning and guidance from the City, PMH should develop capital and equipment replacement plans and identify resource needs for ongoing maintenance. In order to effectively implement capital and maintenance improvements, PMH and its major stakeholders must identify funding needs and potential sources of funding. A study commissioned by the Packard Park Board estimated that \$9 million would be necessary to address all of PMH's capital improvement needs. PMH should pursue funding through OASFC to address capital improvements. Additionally, PMH should continue its pursuit of establishing a 501(c)3 foundation which will be able to assist through fund-raising efforts. Capital improvements and maintenance should be performed at a level that meets safety needs and enhances PMH's ability to meet the needs of its customers.

PMH has not developed a formal, systematic method for evaluating program outcomes or progress in achieving goals. In order to effectively implement its strategic plan, PMH should implement an evaluation system that includes customer feedback and specific performance measures based on the strategic plan.

Engineering, Planning and Building Department

Background

This section of the performance audit focuses on the City of Warren’s (the City) engineering, planning and building functions. The Warren Engineering, Planning and Building department (WEPBD) is responsible for the care and upkeep of the city’s infrastructure. It also maintains most of the city’s permanent (infrastructure) records, plats and deeds. WEPBD enforces zoning ordinances, housing codes and building codes. Additionally, WEPBD registers and maintains files on various types of contractors working within the city limits. The responsibilities also include the design, inspection and standards enforcement for all paving, storm drainage, sanitary sewer and other infrastructure improvement projects, as set forth in the City’s codified ordinances. From January 2000 to April 2001, layoffs reduced WEPBD staff from 18 to 12 full-time equivalent (FTEs) positions.

Non managerial department employees are members of the AFSCME collective bargaining unit. The director, assistant engineer, planning director and building official positions are covered under the labor agreement with the Warren Management Association.

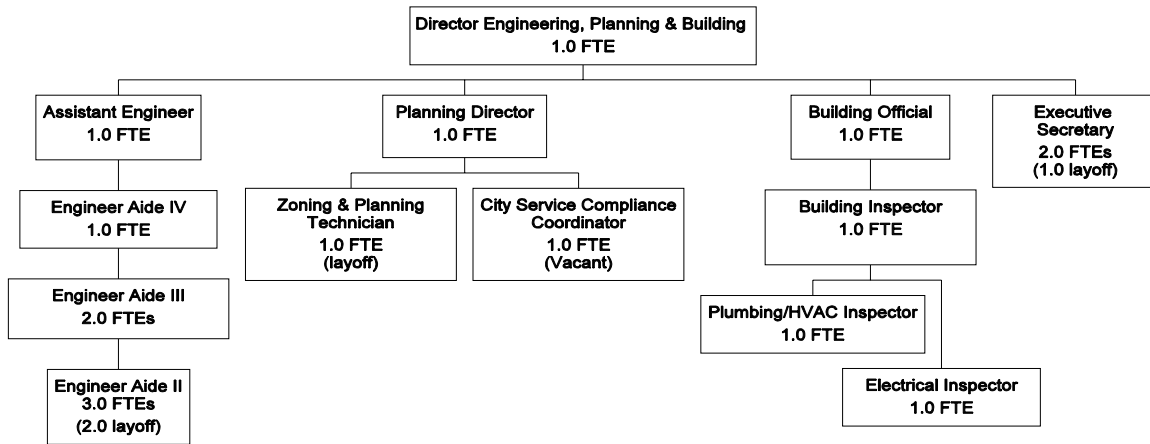
WEPBD’s derives all of its operations and maintenance budget from the General Fund and the Motor Vehicle Tax Levy. It has also accessed federal and state funds for eligible road and infrastructure projects by providing local matching funds. These grants provided approximately \$800,000 in additional revenue for infrastructure improvements in FY 2000.

WEPBD experienced a 23 percent decrease in overall expenditures from \$1,186,543 in 1999 to \$910,2845 in 2000. During the same period, salaries decreased 27 percent from \$716,540 to \$519,985. The 2001 budget figures represent a 14 percent increase over the actual expenditures for 2000.

Organizational Chart

Chart 5-1 provides an overview of WEPBD’s organizational structure and staffing levels. All positions are shown as FTEs.

**Chart 5-1: Engineering, Planning and Building Department
as of April 1, 2001**



Organizational Function

The primary responsibility of the WEPBD is to maintain city infrastructure and enforce zoning ordinances and building codes in a manner which ensures quality services and prevents loss of useful value. WEPBD manages projects including major road resurfacing, construction of walkways, and construction of storm and sanitary sewers. WEPBD is also the oversight agency for all private construction projects and the permitting agent for all private housing and building within the city limits.

WEPBD has three divisions: engineering, planning, and building. The supervisor of each division, charged with day-to-day oversight, reports directly to the WEPBD director. The assistant engineer and the planning director assist the WEPBD director in managing and directing department operations. The WEPBD staff also includes one executive secretary who is responsible for record keeping, customer service and administrative support for all division supervisors.

Summary of Operations

WEPBD serves the City which encompasses a 16.3 square mile area located in the eastern part of Trumbull County. WEPBD manages all major rehabilitation operations relative to public right-of-way and public property. Department engineers and inspectors perform routine visual inspections of roadways and buildings to determine where to focus city resources.

The engineering division is responsible for the planning and design activities of all city roads, land bridges (bridges over navigable waterways are the responsibility of the county engineer), traffic control devices, some street and pedestrian lighting, storm and sanitary sewer systems, and related infrastructure facilities. The engineering division also maintains permanent city records, plats and deeds. Additionally, the engineering division provides technical and engineering support for private festivals and special events, and registers and maintains files on various types of excavation, driveway and sidewalk contractors. This division is also responsible for identifying location of utilities pursuant to the Underground Utilities Protection Act.

The building division enforces the City's housing and building codes. It also inspects commercial buildings based on the Ohio Basic Building Code and residential buildings based on the Council of American Building Officials standards. Other responsibilities of the building division include inspection of unsafe structures to recommend possible demolition to the Safety/Service Director and the coordination of plan reviews with other functional divisions, departments and outside organizations including planning, zoning, water, fire, health, engineering, and Warren Redevelopment and Planning (WRAP). The building division registers and monitors, through the registration and permit process, all contractors that erect, construct, repair, alter, or maintain any building or structure in the city.

The planning division is responsible for issuing zoning permits and enforcing the zoning ordinance. In addition, the division issues permits and regulates gas and oil well operators. Other duties include overseeing the towing of abandoned or junk vehicles, performing pre census reviews of people and parcel counts, updating city plat maps, controlling the subdivision of land parcels up to five acres, and providing technical support for the Planning Commission and Board of Appeals. The planning director acts as recording secretary for both the Planning Commission and Board of Appeals, and maintains respective files. The Planning Commission is empowered to make recommendations on zoning, platting and the location of public infrastructures. These recommendations are generally presented to council in the form of plans and maps/plats. The Commission consists of the mayor, the director of service and safety, and three residents appointed by the mayor. The Planning Commission's responsibilities include making recommendations to City Council regarding zoning changes and approving the subdivision of land parcels greater than five acres. The Board of Appeals responsibilities include hearings to consider variance applications and appeals. For example, these hearings may address appeals on WEPBD denial of building permits or applications for exceptions to and variations from zoning district regulations.

Staffing

As of April, 2001, WEPBD had 12 full-time employee positions. In addition to a 33 percent decrease in staffing brought about by layoffs, one position (city service compliance coordinator) was vacant.

The director and the executive secretary of WEPBD each divide their time equally between the engineering, planning and building divisions. At the time of this audit, one of the two executive secretaries was still laid off. (See **Table 5-1**). The remaining WEPBD staff members are allocated among the divisions.

The engineering division comprises five budgeted positions: one assistant engineer, one engineer aide IV, two engineer aide III's and one engineer aide II. At the time of the audit, one engineering aide III had been on a leave of absence. Two engineer aide II positions which were laid off in January 2000 remained under layoff at the time of the audit.

The building division has four budgeted employee positions. As a result of proposed layoffs in 2000, the property maintenance code (PMC) investigator position was moved to the Health department using a portion of the Community Development Block Grant (CDBG) allocation to fund the position.

The planning division currently has two budgeted positions, the planning director and the city service compliance coordinator, which at the time of this audit, was a vacant position. The zoning and planning technician position has been laid off since February 2000.

Table 5-1 shows the decrease in FTEs for WEPBD.

Table 5-1: WEPBD Staffing Levels as of April 2001

Classification	Year 2001 # of FTEs	Year 2000 # of FTEs	Year 1999 # of FTEs
Department Director	1.0	1.0	1.0
Executive Secretary	1.0	1.0	2.0
Planning Director	1.0	1.0	1.0
City Service Compliance Coordinator	0.0	1.0	1.0
Zoning and Planning Technician	0.0	0.0	1.0
Building Official ¹	1.0	1.0	1.0
Electrical Inspector	1.0	1.0	1.0
Plumbing/HVAC Inspector	1.0	1.0	1.0
Building Inspector	0.0 ²	0.0	1.0
Property Maintenance Code Inspector	NA	NA ³	1.0
Assistant Engineer	1.0	1.0	1.0
Engineering Aide IV	1.0	1.0	1.0
Engineering Aide III	2.0	2.0	2.0
Engineering Aide II	1.0	1.0	3.0
Total	11.0	12.0	18.0

Source: Engineering, Planning and Building department; Human Resource department.

¹ As of April 1, 2001, a building official was hired.

² The building inspector was called back in August, 2001.

³ The property maintenance code inspector position and related responsibilities were transferred to the Health department.

As outlined in **Table 5-1**, layoffs have decreased staffing levels in the WEPBD by 38 percent from 1999 to April 2001. However, the City identified a way to fund the property maintenance code inspector position through the Health department, so it transferred the position. Consequently, a 29 percent decrease in staffing is a more accurate representation of staffing cuts in WEPBD, given the transfer of responsibility for property maintenance inspections and other related duties to the Health department.

Financial Data

Table 5-2 presents the actual expenditures for FY 1999 and FY 2000 for WEPBD and the budgeted amounts for FY 2001. The financial data include monies from the General Fund for the WEPBD.

Table 5-2: WEPBD Financial Data

Organizational Code Description	1999 Actual	2000 Actual	Percent Change	2001 Budgeted	Percent Change
Salaries/Wages	\$716,540	\$519,985	(27)%	\$552,777	6%
Fringe Benefits	\$247,978	\$202,004	(19)%	\$252,451	25%
Contracted Labor/Purchased Services	\$197,239	\$162,506	(18)%	\$197,987	22%
Capital Outlay ¹	\$0	\$0	0%	\$0	0%
Materials and Supplies	\$16,666	\$19,522	17%	\$26,450	26%
Maintenance (vehicle)	\$1,105	\$75	(93)%	\$1,013	1251%
Other (Treasurer of State) ²	\$7,014	\$6,192	(12)%	\$6,000	(3)%
Total Operational Costs	\$1,186,542	\$910,284	(23)%	\$1,036,678	14%

Source: Warren Finance department

¹ Does not include capital expenditures under the capital projects fund

² Portion of revenue to state from building permit fees

Total FY 2000 expenditures for WEPBD were \$910,284, a 23 percent decrease from the previous year. The budgeted amount for FY 2001 is slightly over \$1 million, an increase of 14 percent over FY 2000 expenditure levels.

Explanations for some of the significant changes in the current operating budget include the following:

An increase in Salaries and Wages for FY 2001 budget: The 6 percent increase of salaries and wages for the FY 2001 budget when compared to FY 2000 actual, was the result of the rehiring of one laid-off employee.

An increase in Fringe Benefits for FY 2001 budget: The 25 percent increase in fringe benefits for the FY 2001 budget when compared to FY 2000 actual, was due to the rehiring of one laid-off employee and the retirement payout for two employees.

An increase in Purchased Services for FY 2001 budget: The 18 percent increase of purchased services for the FY 2001 budget when compared to FY 2000 actual was due to a new maintenance contract for signalization parts and material.

Performance Measures

The following is a list of performance measures that were used to conduct the review of WEPBD:

General Departmental Performance

- Review the current duties which comprise the functions of WEPBD
- Assess the cash handling procedures of WEPBD
- Review the adequacy of technology

Engineering Division

- Assess the adequacy of level, mix and productivity of staff
- Assess the efficiency and cost effectiveness of service delivery programs
- Assess the effectiveness and efficiency of planning programs
- Review the adequacy of technology
- Review overtime costs

Building Division

- Assess the adequacy of level, mix and productivity of staff
- Assess the efficiency and cost effectiveness of service delivery programs
- Assess the effectiveness and efficiency of planning programs
- Review the adequacy of technology
-

Planning Division

- Assess the adequacy of level, mix and productivity of staff
- Assess the efficiency and cost effectiveness of service delivery programs
- Assess the effectiveness and efficiency of planning programs
- Review the adequacy of technology

Findings/Commendations/Recommendations

Organization and Staffing

F5.1 The job descriptions for WEPBD staff are not updated regularly, lack adequate detail and do not accurately describe current job responsibilities. Some positions that have become vacant, due to attrition or layoff, have not been filled. As a result, the responsibilities and work load of the vacant or laid-off positions have been distributed among the remaining staff in WEPBD. The reassignment of duties has been on an informal basis since the current job descriptions do not reflect the addition of these duties. Updated job descriptions are important for the following reasons:

- To clearly articulate job content to employees and supervisors
- To establish individual performance expectations
- To provide criteria for recruitment and selection
- To avoid legal liability – job descriptions should be appropriate and legally defensible.

R5.1 The job descriptions for the WEPBD should be reviewed annually, at a minimum, and updated as needed. The Human Resources department should work with WEPBD and each employee to develop or update all job descriptions. Job descriptions should include: job title, salary information, job summary, specific responsibilities and duties performed, percentage of time devoted to each duty, equipment operation requirements, level of decision making, knowledge/skills/abilities required, qualifying education training and experience and special job requirements. Descriptions may also include additional detail such as performance standards to be achieved, working conditions and potential hazards, and supervisory responsibilities.

It may be necessary to perform a job analysis in which each employee develops a breakdown of tasks performed, then determines the amount of time spent on each task. The job analysis also determines equipment required and working conditions. The director and division supervisors should analyze the data to determine whether the tasks performed are appropriate compared to departmental goals and employee skills. Information obtained during the job analysis can be instrumental in personnel planning, recruiting, employee selection and orientation, performance evaluation, training needs assessment, employee disciplinary action, and many other uses.

Cash Management

F5.2 All checks and cash received over the counter for permits, licenses and other services are placed into the executive secretary's locked desk drawer. There are no security measures in

place which would ensure the safekeeping of cash after it has been collected and placed in the safe or desk drawer. If the executive secretary is not in the office, any employee may accept cash or checks over the counter. Cash and checks are eventually placed in a locked bank bag. Although the locked bank bag is placed in the safe, the lock on safe is broken. Further, the key for the bank bag is accessible to any employee. Staff takes the locked bank bag, along with a copy of the deposit slip and a deposit reconciliation document, to the finance department every two days.

The WEPBD does not have a broad range of payment methods. Instead, WEPBD only offers individuals the option of paying for permits by cash or check. This increases the amount of cash that is handled through this department. The City Income Tax Department has already taken advantage of allowing individuals to pay their taxes by credit card. The Second National Bank handles these transactions for the City. This department has purchased the equipment and has an equipment maintenance agreement. The Income Tax Department charges individuals a fee for payment by credit card to offset the credit card charges from the bank.

R5.2 The WEPBD should establish more secure and proper cash controls procedures, such as:

- The combination to the safe should be changed periodically and the "compartment" within the safe should be re keyed with only two keys made available; one for the head of WEPBD, the other for the assistant engineer or designated staff member.
- The staff member completing the bank deposit slip and department reconciliation form should have the form reviewed and signed off by another person, preferably a supervisor. Discrepancies should be reconciled before forwarding any monies to the finance department.

Other options include the following:

- Provide an additional method of payment for permits and other services by MasterCard or Visa. The WEPBD should charge a processing fee for credit cards to offset the credit card charges from the banks. Accepting credit cards as a method of payment increases the certainty of collection from the public. In addition, it accelerates the receipt of payment and increases the availability of funds. Using credit cards also provides increased control over cash management and provides a service which is convenient to the individual making payment.
- Implement a cash register system that will allow for effective security measures, which include the tracking of all transactions and the person performing them. The cost for cash registers varies from a small scale (\$200) system to a large scale "point

of sale” terminal that could tie into the financial system (\$2,000). Choosing the appropriate system will be based on the specifications which would need to be determined by the department and in accordance with the overall needs of the City.

Financial Implication: One time cost for purchasing the credit card terminal and printer is approximately \$500. Average cost for a cash register system with a cash drawer is approximately \$1000. Total combined cost for a credit card system and a cash register system is approximately \$1,500.

Technology Usage

F5.3 WEPBD’s maps and plats are all in paper or Mylar format; most in various stages of deterioration. WEPBD does not currently have the software to store this information in an electronic format nor does it have fire or waterproof cabinets to safely store all of the maps and plats, even on a temporary basis. In the event of a flood, fire or similar disaster, the city could lose all plats/maps and infrastructure records not in a water or fire proof cabinet or room. A loss of information would not only affect WEPBD’s ability to provide certain services, but it would also take a substantial amount of time to re-create. The WEPBD has continually requested software and hardware upgrades to the “Computer Steering Committee”(Steering Committee), including the needs for a GIS. However, the Steering Committee has denied these requests due to a lack of revenue in the General Fund.

Trumbull County’s Data Processing department is in the process of converting all county maps and plats into a digitized format using Environmental Systems Research Institute's (ESRI) ArcInfo and ArcView. This is part of a countywide data sharing project that will be completed by March 2002 and includes the City. When complete, the County will be offering the data to municipalities for approximately \$10 per compact disk. The County geographic information system (GIS) will eventually include building layouts, roadways, center lines, contours and parcels and complete property measurements and other attributes. In addition to having all County data in GIS format, the County will make all parcel information available to the public via the internet by the end of 2003.

A GIS system benefits citizens through ease of access to city and county parcel information and improved service delivery. The City benefits from improved administrative coordination and heightened staff productivity.

Productivity can be measured in three key ways: quantity of work, quality of work and speed of completion. A study of Arapahoe County, Colorado estimated that if GIS had been available between 1985-1989, the county could have saved \$59,039 or 3,809 person-hours duplicating maps. WEPBD does not track the number of maps duplicated or the number of

staff-hours spent, so it is not possible to perform a cost-benefit analysis of a GIS system for the City.

R5.3 The City should purchase GIS software, such as ESRI's ArcView, so it can take advantage of digitized County infrastructure data. This data will be useful for project development and infrastructure inventory purposes. This software will further allow the City to safely and securely store maps and plats in a database that is backed up on the City's server. This will greatly reduce the City's risk of record loss. In addition, this type of data and software will serve as a management information tool and assist the City with strategic and other planning activities.

The City should plan for the development of a comprehensive geographical information database by integrating citywide information such as water and sewer mains, manholes, catch basins, water valves and fire hydrants since the County will not be incorporating this data into their GIS system. Due to the labor-intensive nature of digitizing map data, the City should consider contracting it out.

The City should send engineering aides and supervisors to be trained on the selected GIS software. There are many providers for this type of training. For example, Cleveland State University's Levin College of Urban Affairs offers ArcView and ArcInfo training at a cost of \$600 per person for a two-day workshop (includes a manual and a training CD ROM). To ensure proper staff coverage in the office, WEPBD could stagger when various staff goes to training. The City's network systems supervisor did not anticipate a problem with installing ArcView, given the existing hardware capacity. However, the personal computers used by the director of WEPBD and the engineering aide IV would require upgraded operating systems (Windows 98 to Windows NT 4.0) and an additional 64 MB of RAM (128 MB total) in order to adequately run the software.

Financial Implication: The estimated cost for ArcView training for five department employees would be \$3,000. Three ArcView (version 8.0) licenses (for three Engineering Aides) would cost approximately \$1,500 each. There would also be an annual cost of \$500 for technical support. Technical support costs depend on the number of users. The initial cost for three licenses of ESRI software, training for five department employees and technical support for one year would cost approximately \$8,000.

There are additional costs associated with digitizing information for use in a GIS software. The cost for this will depend on the amount of digital information the City already has and whether it plans to transfer the data into a digital format, through digitization, global positioning system (GPS) or aerial photos. These costs are not included in the estimate of \$8,000.

Engineering Division

Findings / Commendations / Recommendations

Organization and Staffing

F5.4 Of the engineering division's 5.6 FTEs. The assistant engineer, an engineer aide IV, two engineer aide IIIs (1 on a leave of absence), and the engineer aide II are all full-time. The director and the executive secretary are 0.33 FTEs each. The engineers are responsible for the following tasks and functions:

Project Management

- Assigning and directing inspectors;
- Reviewing plans and specifications;
- Conducting preconstruction meetings with contractors and utility companies; and
- Administering contracts.

Inspections

- Inspecting fences and city construction, excavation, streets, sidewalks, curbing, gutter, and sewer projects; and
- Issuing written and oral instructions to contractors or city personnel.

Infrastructure Analysis and Design

- Performing hydraulic analysis for storm drainage design; and
- Designing/drafting pavements, storm and sanitary sewer systems and various other capital improvement projects.

Miscellaneous

- Providing engineering and technical support for festivals; and
- Identifying locations of utility lines.

F5.5 The following are the duties performed by the City's engineering staff listed by classification.

- Engineering Aide II - determines set points for roadways and culverts; makes blueprints of plans for construction work; drafts plans for sidewalks, parks, streets and various city improvement projects; computes final survey reports; and prepares estimates for payments to contractors.
- Engineering Aide III - performs all engineering aide II duties; and compiles daily and monthly cost figures and progress reports; studies maps, plans and terrain data;

checks plotting of data on plans; conducts location surveys; sketches topography in the field; inspects new construction for quality and materials usage; and identifies locations of underground utility lines.

- Engineering Aide IV - performs all engineering aide III duties. Designs and develops specifications for public works projects including streets and utilities; conducts field surveys and prepares survey reports, prepares estimates of quantities for payment to contractors, serves as project engineer on constructions projects; and supervises engineering aides of a lower grade.
- Assistant Engineer (engineering aide V/senior engineer) - performs the work of all subordinate positions; prepares cost estimates and payment estimates to contractors working on city projects; and, in the absence of WEPBD supervisors, acts on their behalf.

Due to the layoffs shown in **Table 5-1**, the engineer aide III performs the inspection and surveying duties of the engineering aide IV, as well as his specified duties as a draftsman. The engineer aide II is pulled from drafting duties to perform back-up for the current executive secretary. The director and the assistant engineer also answer phones and wait on customers while the executive secretary is out of the office.

See **R5.4** and **R5.5** for recommendations related to work performed.

- F5.6 Management staff in WEPBD lack tools for tracking and managing workload drivers (inspections, permits issued) for assessing the division's effectiveness or efficiency. Although it is possible to track some performance measures in the Integrated Code Enforcement System (ICES) (See **F5.46** and **R5.32**), key workload and quality indicators are not measured and adequate performance records do not exist. Since the division does not gather key data on a formal or consistent basis, the actual number of inspections or other functions performed by engineers, administrative and support staff cannot be determined. This data is necessary for assessing staffing levels. It is also necessary for determining whether staff time is being used efficiently.

Examples of performance measures appropriate to this division include:

- Number of inspections by type
- Number of utility lines located for the Ohio Utility Protection Services (OUPS)
- Amount of engineering staff time spent handling cross connections, surveying, inspecting, designing/drafting, estimating costs and other key activities
- Staff time per inspection by type of inspection
- Support staff time spent on clerical and other key activities
- Staff time (in days) required to examine plans and specifications
- Number of specifications, project proposals and plans examined by type

- Number and content of customer complaints
- Number of contracts administered rejected

Measuring performance is important for:

- Focusing management's attention on key issues
- Providing feedback on performance
- Identifying problem areas
- Guiding and directing improvement efforts
- Managing workload

R5.4 The engineering division should determine what workload drivers will be measured, then establish performance measures that correspond to each workload driver. Each performance measure should apply a standard to the workload indicator as a measure of effectiveness. Finally, WEPBD will need to establish procedures and a schedule for compiling data as well as the most appropriate software to store and analyze the data.

After performance measures are compiled, WEPBD should analyze the data and make adjustments in staffing and workload as is necessary to optimize efficiency among staff. WEPBD should also establish performance goals based on benchmarks. If there is insufficient work available, the City has several options: additional cross training, or contracting out some or all of the engineering functions.

F5.7 **Table 5-3** illustrates staffing levels for the engineering departments of the peer cities.

Table 5-3: FY 2001 Engineering Staffing Levels (FTEs)

	Warren	Mansfield	Middletown	Peer Average
Administration¹	1.3	2.0	2.0	2.0
Certified Professional Engineer	0.0	0.0	2.0	N/A
Clerical/Contracts Administrator	0.3	1.0	2.0	1.5
Transportation	0.0	0.0	1.0	N/A
Technician/Aide	4.0	0.0	1.0	N/A
Project Planner	0.0	6.0 ⁵	0.0	N/A
Seasonal Co-ops	0.0	1.0 ²	1.0 ³	1.0
Inspector	0.0	0.0	1.0	N/A
FTE Total	5.6	10.0	10.0	10.0
Less Total FTEs / percentage of time spent on airport functions	N/A	0.3⁶	0.3⁵	N/A
Total Number of FTEs LESS Airport Function	5.6	9.7	9.7	9.7
Lane Miles Managed per FTE⁴	69	30	57	43

Source: WEPBD and peer city engineering departments or divisions.

¹ Includes assistant engineer, director, chief engineer, and chief deputy engineer positions.

² Use two seasonal employees for clerical and field measurements for resurfacing projects six months out of the year, which equates to 1.0 FTE.

³ Use two seasonal co-ops for field survey crews six months per year, which equates to 1.0 FTE.

⁴ See **Table 5-5** for total lane miles.

⁵ Engineer spends 20 percent of his time on airport related functions. The director spends 5 percent of his time on airport related functions.

⁶ About 30 percent of one planner's time is spent on airport-related functions

As recently as 1998, the WEPBD's engineering division was budgeted for seven positions. Now at 5.6 FTEs, the City has the fewest number of engineering division staffing when compared to the peers. The cities of Mansfield and Middletown also have more clerical and supervisory staff and use seasonal help to retrieve measurements for their road resurfacing projects. WEPBD has used seasonal help in the past to help with surveying and other related division functions as needed. However, with the recent layoffs, the department is unable to utilize seasonal help due to the language in the union contract (AFSCME) that prohibits contracting work normally done by bargaining unit employees on layoff status. Both of the peer engineering divisions are housed in a public works department along with water treatment, sewer, streets, repair garage, parks and a small airport.

The City’s engineering division staff is responsible for maintaining 38 percent more lane miles per FTE than the peer average, 17 percent more than Middletown and 2 times that of Mansfield. Engineering functions within WEPDB are similar to Mansfield and Middletown with a few exceptions. For example, WEPBD’s engineering division provides technical/engineering support for festivals and parades and conducts utility locating for Ohio Utility Protection Service (OUPS). Each of the peer engineering divisions provide engineering services to local airports. Adequacy of division performance is discussed in **F5.6**, **R5.4** and **R5.5**.

Table 5-4 illustrates the total number of contracts managed for FY 2000 by FTEs to that of the peers.

Table 5-4: Number of Managed Contracts/Projects in FY 2000

Functions	Warren	Mansfield	Middletown	Peer Average
FTEs	5.6	10.0	10.0	10.0
Managed contracts/projects ¹	12	67	22	45
Contracts/projects Managed per FTE	2.1	6.7	2.2	4.5

Source: Warren and peer cities

¹ Sidewalks, driveway approach, curb cuts, sanitary connections, storm sewer connections, utility street cut, ditch pipe installation, miscellaneous

As identified in **Table 5-4**, the number of contracts managed per FTE in FY 2000 was similar for WEPBD and Middletown. The City of Mansfield managed the highest volume of projects in 2000; a total of 67. In order for WEPBD to match the peer average productivity level for contracts or projects managed, the engineering division would need to have managed an additional 14 projects last year. Unless there is an increase in funds available for capital projects, it is unlikely WEPBD will increase the number of projects managed.

Since the engineering division does not keep adequate records on the actual amount of work being performed by the staff (**F5.6**), it is difficult to conduct a thorough staffing analysis. Given the number of lane miles it is responsible for and the current condition of roads (**F5.8**), the potential for increasing the workload of the engineering division staff exists if the City begins making the necessary investments in infrastructure improvements.

R5.5 Based on the information in **Table 5-3** and **Table 5-4**, the engineering division staffing levels appear to be adequate given its existing work load. However, if the City increases its

investment in infrastructure, this will result in an increased number of projects, and an increased workload for the engineering staff. As the City considers committing funds for improving infrastructure, it should analyze the workload data discussed in **R5.4** to determine the need for additional staff.

Based upon the nature of services provided by the engineering division, much of the work is seasonal in nature and can place significant demands on the existing workforce. To meet these demands, the City should have the authority to establish staffing at an appropriate level by hiring seasonal staff only if the engineering division increases the number of managed projects. The engineering division has a construction season that would greatly benefit from the use of seasonal staffing, such as civil engineering students, that could be used to survey map points or inspect construction projects. As a result, key staff could be used in other areas where high level skills could be put to more efficient use and the engineering division could have more control over staffing needs that help maintain the public assets.

Road Conditions

F5.8 **Table 5-5** illustrates the road condition ratings for the City and the peer cities according to the Ohio Public Works Commission (OPWC) physical condition rating (PCR) definitions.

Table 5-5: FY 2000 Road Condition Rating Comparison

Rating(5-1)	Warren	Mansfield	Middletown	Peer Average
5=excellent	12%	24%	27%	26%
4=good	39%	35%	44%	40%
3=fair	20%	29%	13%	21%
2= poor	29%	12%	15%	13%
1=critical	0% ¹	0%	0%	0%
Total Lane Miles	384 miles	295 miles	557 miles	426

Source: Warren’s engineering division and peer cities; conversion of (184.5) linear miles to lane miles was provided by the WEPBD’s assistant engineer.

Note: Total may not equal 100 percent due to rounding.

¹ The director has stated that the City currently has streets that should be considered "critical" for FY 2001.

As shown in **Table 5-5**,

- Compared to the peer average (66 percent), the City has a smaller percentage of road miles (51 percent of its total) in good or excellent condition; this amounts to approximately 195 lane miles.

- Roughly 20 percent of the City's road miles are in fair (77 lane miles) condition.
- Twenty-nine percent of the City's roadways (111 lane miles) are in poor condition, majority of which are unimproved.

OPWC's PCR definitions describe road conditions with the terms: excellent, good, fair, poor, and critical. Critical condition is non functioning, closed or unusable roadway. A "poor" condition exists when the cost to repair or bring the road into compliance cost exceeds 45 percent of the replacement cost. This rating means that the road condition is inadequate or substandard and has a useful life of about 2 to 5 years. A road with a "fair" rating means that the condition is average and has a remaining useful life of 5 to 6 years. A road that is in "good" condition requires some minor repairs, but is safe and suitable to purpose. A road rated in good condition has an estimated useful life of 6 or 7 years. "Excellent" means no repair is required, the road was constructed or resurfaced within the last year.

The City has a total of 184.5 linear miles (center line miles) of roadway: 99.4 linear miles of improved concrete or brick-surfaced roads; 66.90 linear miles of improved asphalt-surfaced roadway; and 18.23 linear miles of unimproved asphalt-surfaced roadway. Improved roads are constructed with a brick, concrete or asphalt-finished surface on an adequate subbase (as described by American Public Works Association and Ohio Department of Transportation (ODOT) standards and include curbing and storm sewers. Unimproved roads usually lack curbing, gutters, storm sewers, and sidewalks. For example, in some areas of the city, there are ditches in place of storm sewers, and berms in place of curbing.

The properties along unimproved roads frequently have drainage problems (backyard and blocked ditches) and basement flooding. Drainage problems, caused by lack of storm sewers, are a major contributor to the deterioration of roads.

The director stated that Lovers Lane, Trumbull, Larchmont, Sussex, Lawrence and Harrison roads were rated in "poor" condition in FY 2000, but are almost at a "critical" rating level for FY 2001 due to the lack of maintenance for approximately 7 to 10 years. These roads are on the verge of being non functioning or unusable.

The deterioration of roadways in the City is the result of inadequate funding, a lack of capital planning and poor quality control oversight as reviewed in **F5.9** through **F5.17**. Furthermore, preventive maintenance, such as crack sealing, has been almost nonexistent. This has led to overall pavement failure.

The recommendations for improving the condition of the city's infrastructure is addressed in **R5.6** through **R5.8**.

Road Improvement Funding

F5.9 **Table 5-6** illustrates WEPBD's capital improvement funding sources for roadway expenditures compared to peer cities.

Table 5-6: Grants vs. Operating Revenues for Road Improvements FY 2000

	Warren	Mansfield	Middletown	Peer Average
Operating Revenues				
General Revenue Fund	\$223,000	\$3,300,000 ³	\$2,000,000	\$2,650,000
Gasoline Tax	\$0	\$0 ⁴	\$0 ⁴	\$0
Permissive License Plate Tax /Sales Tax	\$151,764	433,872	\$322,000	\$377,936
Special Assessments	by petition only	\$0	as needed	NA
Total Operating Revenues for Road Improvements	\$374,764	\$3,733,872	\$2,322,000	\$3,027,936
Lane Miles	384	295	557	426
Total Operating Funding per Lane Mile	\$975	\$12,660	\$4,170	\$8,415

Grant Funds				
Community Development Block Grant	\$219,638 ²	\$0 ⁵	\$120,000	N/A
State and Federal Funds (OPWC/Issue 2 and STP) ¹	\$437,443	\$0 ⁶	\$1,700,000	N/A
Total Grant Funding for Road Improvements	\$657,081	\$0	\$1,820,000	N/A
Total Lane Miles	384	295	557	426
Total Grant Funding per Lane Mile	\$1,710	\$0	\$3,270	N/A
Total Funding per Lane Mile	\$2,804	\$13,010	\$7,905	\$10,460

Source: Warren's engineering division and peer cities

Note: STP stands for Surface Transportation Program

Note: Totals may appear off due to rounding

¹ Includes road projects that started in FY 2000 and ended in FY 2001 (note: this amount may be different from year to year)

² Funding only used for state and county road projects for the city's "fair share" (20 percent of the total project cost)

³ Quarter percent of income tax revenue is allocated to road improvements

⁴ No gas tax funds are used for capital road projects; they are used for maintenance of roads such as pothole patching, crack sealing and salt material

⁵ Does not depend on CDBG Funds for road improvements.

⁶ State funds were only received for sewer improvements

As outlined in **Table 5-6**, the City has not pledged adequate operating funds nor has it identified other sources of funding that will enable the City to adequately invest in its road infrastructure. The City's roadways have received \$7,650 less investment per lane mile than the peer average. This difference can be attributed to the low level of operating funds contributed by the City. Grant funding accounts for more than half the City's road improvement budget. The peers, on the other hand, rely heavily on non grant revenue such as income taxes to fund road improvements. The peer cities have an operating budget between \$2.3 and \$3.7 million for road improvements, whereas the City has \$374,764. See **R5.6** and **R5.7** for the recommendations regarding funding.

F5.10 **Table 5-7** illustrates the historical funding levels for the City's road improvement for FY 1998 through FY2000.

Table 5-7: Funding Sources, Road Improvements 1998-2000

	1998	1999	2000 (Actual)
Federal transportation funding (STP)	\$112,716	\$173,762 ¹	\$63,923 ²
Community Development Block Grant Funds	\$247,470	\$74,707	\$219,638
Ohio Public Works Commission (OPWC/Issue 2) funds	\$718,700	\$901,782	\$373,520
Motor vehicle tax (transfer into 401)	\$147,167	\$160,118	\$151,764
Other sources, including General Fund revenues	\$0	\$0	\$223,000
Total Funding	\$1,226,053	\$1,310,369	\$1,031,845

Source: Warren's community development department and Eastgate Regional Council of Governments

Note: funding amounts are obligated each federal fiscal year (October to September) therefore, amounts may be obligated for projects that start in one year and end in another year.

¹ Does not include commerce park project.

² Does not include the railroad crossing project that included some road improvements in FY 2000.

As shown in **Table 5-7**, the City's funding for roads has not been stable the past few years. Although funding for road improvements increased by almost 7 percent from 1998 to 1999, it declined 21 percent from 1999 to 2000.

F5.11 According to the WEPBD director, there is no fixed source of funding for road improvements. Although the City recently passed a 0.50 percent income tax levy, the income derived from this levy is dedicated to emergency services, such as police and fire. Without

a stable source of funding, the City will be unable to develop an executable or realistic road or capital improvement plan (**R5.8**), or maintain a viable road infrastructure (**F5.8, F5.9**). Further, lack of funds available to serve as a local match will limit the City's ability to access federal and state funds.

As indicated in **F5.8**, over the next 2 to 5 years, approximately 111 lane miles of the City's infrastructure will deteriorate to critical condition without proper maintenance. This means as much as 29 percent of the city's lane miles may be non-functioning, closed or unusable. Even in their current condition, the cost to repair or bring these roads into compliance exceeds 45 percent of the replacement cost. The 5 to 6 year outlook is even more bleak. Ultimately, poor road quality will contribute to a decline in the quality of life for residents and businesses in the City. The director of WEPBD stated, that the cost (as of 2001) to bring all of Warren's roads up to good condition is estimated to be \$70 million, which includes the upgrading of all unimproved roads and resurfacing all improved asphalt roads.

Although WEPBD has been effective in obtaining funds from the Ohio Public Works Commission (OPWC) and Community Development Block Grant (CDBG) program, these sources are not reliable for funding multi-year capital or road improvement plans. OPWC and CDBG use an application process to allocate their annual appropriation of funds. Commitments for project funding do not extend beyond the current one-year funding appropriation. Additionally, decline in population, as documented by the 2000 Census, will shift the City's status from the entitlement city category to non-entitlement city category (below 50,000 population). As a result, the City may lose a major portion of its CDBG funding.

Although there are federal and state programs that fund certain types of road improvements, only one-half (93 of 184) of the City's linear miles of roadway are eligible for funding through these programs.

R5.6 The City should identify a fixed funding source to pay for roads, bridges and other infrastructure improvements (See **F5.9-F5.12, R5.7**). The City should also continue to pursue Surface Transportation Program (STP), CDBG and OPWC funds for improving infrastructure. Lack of adequate funding for repairs and maintenance will result in the continued deterioration of roads and a decline in the quality of life for residents and businesses. At some point, the City may experience an increase in liability claims for damage to automobiles caused by deteriorated roads.

F5.12 There are two \$5 license plate taxes that generate approximately \$200,000 each per year; one hundred percent of the first \$5 tax and 20 percent of the second \$5 tax goes toward road operations and maintenance functions; this constitutes 60 percent of total receipts from the license plate taxes. The remaining 40 percent is used for street capital improvements.

According to ORC § 4504.171 and 4504.172, the City has the ability to levy, by ordinance, an additional two motor vehicle levies, each at \$5. However, the City competes with Trumbull County for the opportunity to levy one of these two \$5 motor vehicle levies. If the County notifies the state that it will be levying a tax before the City does, then the City loses the opportunity to levy one of the two \$5 taxes.

The tax administrator for the Ohio Bureau of Motor Vehicles (BMV) stated that in FY 2000, 43,000 vehicles were registered in the City. There has been a 2 percent drop in the number of motor vehicle registrations in each of the past three years. Based upon this historical 2 percent drop, a reasonable estimate of registered vehicles would be 42,140 vehicles in 2002. Inadequate funding over approximately the last ten years has led to deferred road maintenance in the City. This, in turn, results in increased costs for rehabilitation or reconstruction of roadways.

R5.7 The City should secure and maintain additional sources of revenue to enable implementation of a long term plan or strategy for local road improvements. The City should consider instituting the following revenue generating alternatives:

Option A (Motor Vehicle Levy)

The City should levy, by ordinance or resolution, the two motor vehicle levies in accordance with ORC § 4504.171 and 4504.172. The increase in motor vehicle levy taxes would provide additional revenues of approximately \$421,000 for road improvements if the City were to receive 100 percent of the revenues for both levies. The City must establish an ordinance or resolution for the additional license plate taxes before the county in order to receive 100 percent of both levies. Increasing this permissive license plate tax by \$10 would increase the motor vehicle license registration fee for City residents to approximately \$40 for each automobile. Funding from the passing of these levies will help the City address the estimated \$70 million cost for road improvement needs by establishing a constant source of funding. (see **F5.11**)

Option B (Special Assessment)

The City should research the possibility of levying special assessments without petitions to provide for the payment of any part of the cost of any public improvements such as sidewalks, curbs and road improvements as set forth in ORC § 727.01 which allows municipalities to assess for improvements.

There were several proposed income tax levy increases in 2000 that would have helped pay for road improvements, but were being defeated by the voters. Levying an assessment and/or additional permissive motor vehicle tax would allow all citizens and other interested persons to be involved in the project review process.

Much of the City's infrastructure has reached the end of its useful life and the challenge is to improve the infrastructure through increased and sustained investment. To meet this challenge requires networking with public and private organizations, promotion of the use of asset management techniques to optimize resources, public education and the encouragement and support of policy makers in developing infrastructure funding.

Financial Implication: As outlined in *Option A*, with the passing of two additional motor vehicle levies, the City could see an additional \$421,000 in revenue for road improvements. The passing of these levies will help offset the cost (\$70 million) for road improvement needs within the City. (see **F5.11**)

Option B outlines the possibility of establishing property owner assessments and the cost avoidance that the City would incur would be varied.

Planning

F5.13 On March 16, 2000, the Eastgate Development and Transportation Agency (Eastgate), and the Metropolitan Planning Organization (MPO) for Mahoning and Trumbull Counties, approved a resolution for supplemental, federal transportation funding for four of the City's projects. Supplemental funding allows MPOs to utilize part of their unobligated allocation of federal Surface Transportation Program (STP) funding to serve as the local match for eligible projects. This allows the project to receive 100 percent federal funds. Projects considered for supplemental funding were selected by Eastgate based on readiness to proceed.

C5.1 The engineering division should be commended for having transportation projects organized sufficiently to receive supplemental funding. Through the supplemental funding program, the City was allocated \$166,530 in FY 2000 and 2001. There were 11 of 49 total projects that received this type of funding. The MPO (Eastgate) had \$1.3 million in unencumbered funds for FY 2000 and FY 2001 in the Trumbull and Mahoning County region.

F5.14 WEPBD prepares an annual capital improvement plan (CIP) based upon various infrastructure (roads, bridges, sewers, sidewalks) needs within the City. Although the engineering division has proposed several capital road improvement programs over the years, the director stated that the City has failed to implement any proposed plan due to a lack of funding. The only successfully implemented road improvement plan has focused on maintaining and improving streets in areas eligible for Community Development Block Grant (CDBG) funds.

On behalf of the City, the engineering division prepares a transportation improvement plan for ODOT and Eastgate that includes projects eligible for federal transportation funding. In

order to apply for OPWC funds, the engineering division also develops an infrastructure capital improvement report for this purpose. OPWC recommends that local communities develop their own plan for identifying and financing their infrastructure needs because it estimates that OPWC's funds will only meet 2 to 3 percent of Ohio's infrastructure financial needs between now and the year 2004. The Commission has developed a standardized Capital Improvements Report (CIR) that provides the framework to accomplish this goal.

According to ODOT standards for asphalt concrete specifications, low traffic count asphalt pavements that experience wet/freezing climates have an expected life span of approximately five to seven years. To achieve five to seven years of serviceability, a pavement resurfacing project must be properly designed and constructed to prevent premature cracking and rutting. Of the City's 85 linear miles of asphalt surfaced streets, it has resurfaced 12.4 linear miles of streets between 1998-2000. This equates to 4.1 linear miles per year. In accordance with ODOT's life cycle warranty of five to seven years, 12 to 17 linear miles of asphalt streets should be resurfaced or reconstructed each year. Based upon this, the City is falling behind on their road resurfacing by approximately 8 to 13 miles per year.

The City of Dayton's capital allocation process has been recognized by the Government Finance Officers Association for successfully balancing city goals and objectives against conditions and needs. Dayton's process demands that decision makers address both broad policy questions and limited resource questions. The capital allocation process helps everyone that is involved in the decision making process to arrive at a mutual understanding. It particularly helps the budget and financial professional who generally does not work with the various infrastructure components on a daily basis. Dayton's capital allocation process consists of the following major parts:

- A committee to recommend allocation of capital resources;
- Policies to guide overall decision making;
- An inventory of existing infrastructure;
- An assessment of the infrastructure condition;
- A schedule or plan for replacing/maintaining each component of the infrastructure; and
- A rating system to quantitatively evaluate each of the submitted projects.

Access to this type of quality management information allows entities to make educated capital replacement or repair decisions that are prioritized based on the community's most critical needs.

R5.8 The City should develop a comprehensive capital improvement plan for all infrastructure (see **Finance** section) that should identify specific funding sources and expected year of implementation. The plan should prioritize all city capital needs for a minimum of a four-

year period. The plan should be the end-product of a process that invites input from the engineering committee and stakeholders in the City. The plan should also be linked to the City's capital budget. The planning process should also ensure clear communication and appropriate information are provided to the Finance department. Local government capital planning and engineering depend heavily on each other. Engineering provides support and information, especially with respect to public infrastructure requirements, during the preparation of general and specific community plans.

In order to prevent deterioration and depreciation of infrastructure, capital improvements will continue to place major demands on the City's budget. Any plan that is developed for roadways must include a way to eventually turn every unimproved road into an improved one over a predetermined length of time. It is cost prohibitive to resurface an unimproved street because it would require extensive re-ditching and draining, in addition to the replacement of the majority of all driveway pipe encountered and the complete restoration of the drive approach. The road improvement plan should include 12 to 17 miles of roadways each year to achieve ODOT's life-cycle warranty of five to seven years (see **F5.16**).

- F5.15 City council's Engineering, Planning and Building Committee (the Committee) is made up of three city council members. It was established to address the City's building, planning and infrastructure needs and issues, and related taxpayer concerns. It also serves as the mechanism for getting these issues on Council's agenda, as outlined in the Rules of Council 2000-2001 number 7.13. This specifies that no ordinance, resolution or petition or other matter referred to a committee for action shall be approved or disapproved and reported out of committee until it shall have first been considered at a committee meeting.

On February 22, 2001, the WEPBD director requested a meeting of the committee to discuss railroad crossing repairs, electrical maintenance for the emergency systems, road resurfacing, sidewalk repairs and other issues. Although staff was well-represented, the only city council member present was the committee chairman. Since there were not enough members to establish a quorum, important infrastructure issues, such as the Niles Road improvement plan and the closed loop traffic light system study could not be considered. These discussion issues bypassed the Committee altogether and instead were forwarded straight to the Finance Committee and then to City Council for action.

While this was the only documented incident, frequent or habitual lack of action by this committee could result in the loss of grant funding and postponement of much-needed improvements to the next year.

- R5.9** City Council should recognize the importance of their attendance and active participation in Council and committee meetings. Council is accountable to the citizens and should take responsibility for understanding issues presented to them. Their participation on this

committee is critical in getting engineering, planning and building issues to Council for approval so the City does not lose future funding opportunities. Committee meetings also serve as a mechanism to advance the interests of the community in the areas of engineering, planning and building.

To ensure committee members and council are aware of upcoming project funding deadlines, WEPBD should develop a timetable for major infrastructure improvement projects requiring approval. This will help ensure that Council and committee members are aware of upcoming project deadlines and that there is sufficient time to discuss and act upon these issues. This should be instrumental in ensuring the City maximizes its opportunity to access outside funding sources and minimizes the likelihood that projects will have to be deferred to the following year.

Road Improvement Quality Control

F5.16 The engineering division uses ODOT's standard design specifications or City specifications for all asphalt and concrete roadway improvement projects. However, the engineering division often times uses ODOT specifications for local road improvement projects to help cut back on the high cost of engineering consultant services. By adhering to ODOT specifications which take into consideration the material quality recommendations set forth by the American Association of State Highway and Transportation Officials (AASHTO), the City is assured of a quality road improvement design that will last the specified life cycle, providing that it is adequately maintained (crack-filled).

The engineering costs, according to the Engineering Division's Street Improvement Plan, equal approximately 10% of the overall cost of the projects. According to a private civil engineering consulting firm, an average cost to design an asphalt resurfacing job is approximately 7 - 20 percent (depending on the complexity of the project) of the total project cost. However, a project sponsor planning to use state or federal funds for the project would have difficulty justifying a design cost as high as 20 percent.

Based upon the total cost of the 2000 community development resurfacing project of \$354,838, and assuming 7 percent cost for outside engineering consultant services for designing a resurfacing project, the engineering division saved the City approximately \$24,838 by performing this function in-house.

C5.2 Although the engineering division uses ODOT specifications for road improvement projects using state or federal funds, the engineering division also uses these specifications for local road improvement projects. Using these specifications for local projects allows WEPBD to cut back on high costs associated with designing and drafting services.

F5.17 WEPBD has inadequate documentation to support that construction inspections and oversight or material inspections are being performed according to specification standards set by ODOT. Inspection books are used by engineering aides to document inspections, weather conditions and any unusual circumstances, such as equipment breakdowns, that could delay the project completion deadline. Reviews of the engineering aides' inspection books revealed that road construction oversight, including inspections, were not being recorded according to specification standards set by ODOT or in accordance with American Public Works Association's best management practices. In addition, the engineering division staff stated that construction inspections were not being conducted as uniformly as they should because of reduced staffing. Instead, the director stated that they depend mainly on the two year maintenance bonds, which only takes care of any material failures within a two year period. However it is not guaranteed that failure will take place within the two years. It was also noted that in the past few years, the road construction contractor for the community development resurfacing program also owned the asphalt plant that supplied the materials.

Although ODOT manages state and federal highway road improvement projects, both ODOT and city engineering aides are required to inspect and oversee contractor activities within the city. The engineering division is also responsible for management, inspection, coordination with utilities, and quality control of contracts for local and collector road improvements. A part of quality control is inspecting the material. The engineering division stated that they depend a great deal on ODOT's material inspections and that ODOT representatives are always inspecting the asphalt plants they use in the area. After reviewing the asphalt road construction files, there was no indication that material testing was conducted.

ODOT's specification manual recommends the following standards for materials:

- Materials be approved prior to invoice payments
- Material must be inspected
- Materials being used should be subject to inspection or tests at any time during preparation or use
- Any material which has been tested and accepted at the source of supply may be subjected to a check after delivery or a minimum visual inspection.

R5.10 WEPBD should conduct inspections and material testing for all road improvements in the City in accordance with established policies and procedures and supply proper documentation for WEPBD files. Maintenance bonds should only be relied upon only after all quality control mechanisms are in place during the construction period. The engineering division should require and maintain files of detailed reports from all asphalt plants that are supplying the City with materials. There should also be an assurance of total independence between construction contractor and inspections being performed on workmanship and

construction materials being provided for the project. Inadequacy in quality controls can cause overall failure of the infrastructure that is being constructed or improved.

Key elements of a good inspection program include the following: A routine schedule, report forms, hazard identification, adequate personnel and inventory, repair verification and formal documentation. The policies and procedures should also incorporate ODOT's inspection standards as they relate to engineering division projects. Inspections help ensure the City receives high quality materials and services so that the life cycle of projects exceeds five to seven years for asphalt pavements. Inspections also provide the contractor a means to demonstrate compliance with plans and specifications for the project. The inspection and material testing information should remain a part of the road construction file permanently.

The durability of an asphalt pavement mixture and pavement structure are directly dependent on the quality of the workmanship. The best specifications are of little value if they are not applied in the field. Poor workmanship may result from a lack of oversight inspections, which may lead to improper construction techniques or improper operation of equipment. Decisions may be made in the field that favor the expedient completion of the project over following specifications and good construction practices. The goal of each maintenance activity should be to use good specifications and workmanship to build durable pavement.

F5.18 The engineering division has encouraged the Engineer Aide III and IV to seek a certification in concrete field testing through the American Concrete Institute. The program requires the ability to properly perform, analyze and record the results of basic field tests on freshly mixed concrete. Poorly made concrete substance could lead to a premature breakdown of the road structure and ultimately decrease the road's life span. Concrete field-testing certification will allow the City to be proactive by seeking adequate training on how to properly perform, record and analyze the testing results on freshly mixed concrete to determine the quality of the substance.

C5.3 The engineering division should be commended for encouraging the Engineering Aides IV and III to obtain certification in concrete field testing (grade 1). Requiring a concrete testing certification allows the City to more adequately enforce compliance by the contractor with the plans and material specifications.

F5.19 The City Codified Ordinance 901.04 has outlined quality control standards that private or public owned utilities (gas, water, sewer) must adhere to when repairing pavement cuts. However, the engineering division has not adequately enforced this ordinance by adequately inspecting these repairs. Approximately 15 percent of recently resurfaced streets have utility street cuts that have not been properly repaired. A road condition inspection performed during the course of this audit and the water department's report of all street openings in FY 2000 showed that the water department street repairs to fix infrastructure problems like water

main breaks have been poorly repaired. The street openings that had been repaired by the water department showed extensive, premature deterioration.

Prior to repair or replacement of pavement, WEPBD requests the utilities to determine if repair or replacement of the utility infrastructure will likely be necessary within the expected life of the new pavement surface. If this expected repair or replacement will require disturbing the pavement surface, then the utilities make repairs or investments in the infrastructure or facilities before the road is resurfaced. This coordination is conducted by Ohio Utility Protection Services and through interdepartmental communications.

Mansfield's city engineer has prepared a rules and regulations manual governing the making of openings in streets, alleys, sidewalks and public ways. These rules and regulations describe the minimum standards for materials and workmanship that are acceptable in making and restoring street openings. Sections within this manual include interference with vehicular and pedestrian traffic, protection of facilities and the public, excavation, trench backfill, temporary replacement and permanent pavement replacement.

R5.11 The City should enforce Codified Ordinance 901.04, in addition to developing a quality control program for pavement cuts that includes inspections by the engineering division to identify faulty street repairs. The quality control program should also include the minimum standards for materials and workmanship that will be acceptable in making and restoring street openings. This quality control program should also include training of water department crews on how to efficiently repair utility cuts. Utility cuts shorten the life of asphalt pavements and create additional maintenance concerns for the City. Improperly restored utility cuts have a significantly more detrimental impact on the life of pavements than properly restored cuts.

Charge-backs

F5.20 In FY 2000, the engineering division worked 206 overtime hours providing technical assistance and serving as the liaison between City departments and festival operating committees to ensure festivals and special events in the city have the services they need. Each engineering aide is responsible for a specific festival and for bringing City departments together to address the festival needs. These overtime costs are charged back to the festival or event.

Each year, the Mayor's office reviews employees' charge-ability rate and utility costs for each festival and any other special events that require the City's assistance. The charge-back rates are determined by the hourly wage of the City employee that is performing the work, times the number of hours needed to perform the work. The total hours are based upon previous years estimated hours and the magnitude or complexity of the requirements, such

as water, electrical hookups and the length of time an employee is required to work the festival or special event.

In FY 2001, there will be 8 private festivals, 4 car shows and 16 motorcycle shows that will rely on various city services: electric, garbage pickup, water services and road closure/barricades. A new addition to the event schedule for FY 2001 includes motorcycle shows every Thursday for 16 weeks.

Based on employees' time expended for last year's festivals (2000), the City expects to pay the engineering division staff approximately 321 hours of overtime, at a total cost of approximately \$8,844, for working the festivals and other special events in 2001. The total amount charged includes employees' overtime hourly rates. If the charge-back did not exist, the City would have paid a total of \$5,243 in overtime and utility costs, in order to provide service for these events.

C5.4 By reviewing and charging back the labor and service costs (employee overtime, water and electricity) that are directly related to the festivals and events, the City avoids using General Fund revenues to completely subsidize them.

R5.12 Because the City reaps economic benefits from increased commerce, it is in the City's best interest to make sure charges are reviewed regularly so they are aligned with actual costs. To ensure that the City does not price itself too high, it should also compare its rates with those charged by surrounding or competing communities.

Sidewalks

F5.21 The City does not have a sidewalk repair program, nor does it enforce the ordinance that requires property owners to repair their own sidewalks. The City only repairs sidewalks in areas eligible for CDBG funds. These sidewalks are identified for repair through a complaint-driven process. Sidewalks in areas not eligible for CDBG funds are not repaired because of the lack of funds to support a sidewalk program. Approximately 150 sidewalk complaints were received in the last ten years included and a total of 27,500 square feet of sidewalk that were in need of repairs. In FY 2000, only 8,247 square feet in the community development area were repaired due to a lack of funds.

In accordance with the provisions of Codified Ordinance 907.08 through 907.09, "the owner of the property abutting sidewalks and curbs shall construct, repair and relay, as necessary, all sidewalks and curbs as required by council. Upon notification by certified mail to repair a damaged sidewalk or curb, the property owner affected has forty-five days to effect repairs or be subject to repairs instituted by the director of WEPBD."

In addition, ORC § 729 states that "the owners of lots and lands bounding and abutting upon proposed sidewalks to be constructed, in accordance with the plans and specifications of the city, shall construct such sidewalks abutting their respective properties within a period of thirty days after the service of notice that such construction is necessary; and, if such construction is not completed within such period of thirty days, then Council shall have the same done and the cost expended can be assessed upon the property of each defaulting owner, except for the cost of engineering, inspection and contingencies and legal advertising, and made a lien thereon, to be collected in the manner provided by law, with penalty and interest as provided by law."

The City does not enforce property owners to comply with its Codified Ordinance or the ORC § 729 in the repairing and maintaining of sidewalks. Lack of enforcement has led to further deterioration of the City's infrastructure.

The City of Youngstown's city engineer develops an annual comprehensive sidewalk improvement plan. For the 2001 contract, the City of Youngstown went out for bids and received replies from two contractors for the sidewalk repair contract. The sidewalk plan is separated into sections of the City, however it is bid out as one project.

R5.13 The City should adopt a sidewalk repair program in accordance with the City Codified Ordinance for the repair and maintenance of sidewalks. The program should include specific policies and procedures in coordination with codified ordinance and the ORC § 729 for legal notification for assessments, when needed. The policies should first give property owners the chance to repair their own sidewalks. The policies should also include deadlines for improvements and ways to monitor progress prior to the city becoming involved in the repair process. More important, the City should enforce all policies to maintain consistency and fairness throughout the program. The sidewalk program policies and procedures should address the following elements:

- Procedures for recording of inspection information;
- Inspection information to be recorded;
- Procedures for responding to citizen questions and complaints;
- Procedures for communicating with the property owners on sidewalk repairs;
- Procedures for inspection and oversight of private sidewalk contractors;
- Inspection criteria/content;
- Procedures for billing and collection for sidewalk repairs including a process for coordinating with the County Auditors Office on property assessments; and
- Staff (and back-up staff) responsible for each area/procedure.

F5.22 **Table 5-8** illustrates the City's sidewalk program in comparison to peer cities.

Table 5-8: Sidewalk Repair Program Cost Comparison for FY 2000

Cities	Warren	Mansfield ¹	Middletown
Total Cost	\$43,449	NA	\$51,977
Total Square Feet	8,247	NA	12,230
Cost/Square Foot	\$5.27	NA	\$4.25

Source: WEPBD and Peer cities

¹ Mansfield does not have a sidewalk repair program. They require residents to repair their own sidewalks

F5.23 **Table 5-8** reviews sidewalk repair costs for the City and Middletown. The difference in cost is reflected in the price break when ordering large quantities of cement. The engineering division has four separate purchase order transactions for sidewalk repair services for FY 2000. The total cost for 8,247 square feet of sidewalk repair was \$43,449. These repairs were paid for through Community Development Block Grant funds. The sidewalk repair work was conducted by two contractors without any agreements or contracts outlining costs, specific work deadlines or major work elements required to perform the work, such as dimensions, materials and safety requirements.

ORC § 9.312 (C) and ORC § 307.86 states that “when an expenditure within the department exceeds \$15,000, other than the compensation of persons employed therein, such expenditure shall first be authorized and directed by ordinance of the city legislative authority. When so authorized the director shall make a written contract with the lowest and best bidder after an advertisement for not less than two nor more than four consecutive weeks.” Even if the work was not required to be contracted out, entering into a contract for this type of work is a good practice because it ensures agreement between the City and the contractor as to specifications, price, location of project, quality of work, and other key issues. The bidding process should ensure the best quality for the lowest price.

R5.14 The engineering division should contract out sidewalk repair services on an annual basis to address the sidewalk locations that are in the worst condition. The sidewalk repair contract should include a plan that has a defined approval process and designated approval authorities. A bid tabulation should be generated with the award going to the lowest and best bidder. The significant factor in contracting relates to the ability to monitor performance. Components of a well-designed contract include service levels, performance measures, monitoring procedures and responsibilities of both agency and contractor personnel.

Technology

F5.24 The engineering division's current survey work does not effectively incorporate the use of technology. The engineering aides survey to determine road improvement requirements. The engineering division has an outdated DOS-based SurvCadd surveying and multi tasking system which is not in-use, due to the age of the software system. According to the engineering aides, they spend approximately 30 percent of their time surveying various roadways. It takes two people to survey, one to hold the survey rod and one to operate the transit. The person operating the transit receives the elevation, angles and/or distance data and then writes it down on paper. With the total field surveying unit (SurvCadd), a minimum of two people is still needed to survey, however there is a "hands-free" ability allowing the data to be received by the transit and then downloaded into the computer. SurvCadd includes a hand-held data collector that is connected to a station and compiles all of the information input by the survey crew. The data collector, linked to the office computer, transfers the data into the land development package. This system is highly effective in that it is used to help retrieve geographical points that are transferred into design drawings. Otherwise the work would require the user to decipher the data and then enter each survey point into the drawing by hand. The surveying data can be easily transferred into an AutoCad drawing file, which the engineering division is currently using.

SurvCadd has a minimum hardware requirements that include: Pentium 90, 32 MB RAM, 800 x 600 graphics display and 50 mg free of disc space. The network systems supervisor stated that there should be no problem with installing SurvCadd with the existing hardware capacity. However, if the director of WEPBD and the engineering aide IV would require a copy of ArcView, they would need to look into upgrading or replacing their current system

R5.15 The engineering division should look into purchasing a total field surveying unit in addition to SurvCadd surveying software. With the recent reduction in engineering aide staff, utilizing this system will allow them to survey at a quicker and more efficient rate by eliminating manual process and replacing them with quicker electronic processes. A surveying system offers staff the following benefits:

- Improved safety by limiting surveyors time in traffic
- Reduced likelihood of data entry errors or missed data
- Faster collection and recording of data

Financial Implication: The survey software system and the hand-held data collector would cost the City approximately \$3,000. In addition, training in the City for one day would cost approximately from \$650 - \$1,000 per day. The software supplier stated that if the City purchased one module and a low end data collector they would only need one day of training. Technical service would be offered for free (except for the long distance phone call) for as long as the City used the surveying software. The total initial cost for SurvCadd is approximately \$3,650 - \$4,000.

Planning Division

Findings / Commendations / Recommendations

Staffing

F5.25 The planning division currently has 2.0 FTEs budgeted for the planning director and the city service compliance coordinator, and an additional 0.7 FTEs including the WEPBD director and executive secretary who are both divided between the three divisions within WEPBD. Since April 2001, the planning director has been on sick leave and the employee who served as the zoning and planning technician prior to layoffs was recalled to assume the role of acting planning director. However, the zoning and planning technician position remains under layoff. The city service compliance coordinator position was vacant at the time of the audit.

Although the property maintenance code inspector was laid off from WEPBD, the City identified a way to fund this position through the Health department. As a result, the City transferred the position, and responsibilities for handling complaints and violations of the property maintenance code, conducting inspections of properties for compliance with city codes, and meeting with property owners to the Health department. When this transfer occurred, the position was removed from WEPBD. The following is a brief description of responsibilities of planning division staff based on job descriptions and interviews with personnel.

- *Planning Director:* The planning director, who reports to the director of WEPBD, acts as secretary of the planning commission. The director also oversees preparation of materials for zoning and variance hearings and annexation proceedings. The director administers and enforces zoning regulations, is responsible for the maintenance of city plat maps, and oversees the permitting of communication towers, oil and gas wells, and electrical signs.
- *Zoning and Planning Technician:* The technician assists the planning director in preparing materials for the planning commission. The technician also conducts inspections and enforces zoning, planning and engineering ordinances and handles complaints and violations of the junk and abandoned vehicle ordinance. In addition, the technician prepares survey field reports for the planning commission and prepares materials for annexation proceedings.
- *Compliance Coordinator:* The coordinator is responsible for investigating compliance with relevant city ordinances.

The City's planning division has similar zoning functions to those of the peers. All three departments inspect and investigate violations, investigate complaints, prepare materials for zoning appeals and zoning ordinance revisions, review building permits for zoning requirements, and assist with annexation proceedings. However, the City's planning division also tags and arranges for the towing of abandoned vehicles, permits and inspects oil and gas wells and permits communication towers.

Table 5-9 shows staffing levels for the planning division and the peers.

Table 5-9: Planning Division Staff (FTEs)

	Warren	Mansfield	Middletown	Peer Average
Supervisors	1.3	0.3	0.0	0.1
Secretarial/Clerical	0.3	1.1	0.3	0.7
Zoning Inspectors/Technicians	0.0	0.2	0.5	0.3
Planners	0.0	0.0	1.0	0.5
Total	1.6	1.6	1.8	1.7

Source: Warren's planning division and peer city organizational charts

As shown in **Table 5-9**, the City currently has a staffing level of 1.6 FTEs which is similar to the peer average of 1.7 FTEs. The City's planning division has additional duties such as tagging and arranging for the towing of abandoned vehicles; issuing permits for oil wells, gas wells and communication towers; and inspecting oil and gas wells for conformance to zoning regulations.

The City's acting planning director indicated that he has focused primarily on approving the zoning portion of building permits, answering phone calls related to complaints and zoning questions, and preparing materials as needed for the planning commission. The planning director must also perform field inspection and zoning technician duties. Until the vacant compliance coordinator position is filled, and the zoning and planning technician position is recalled, the planning director will continue to be responsible for all duties of the division.

With a vacancy in the city service compliance coordinator position, the potential exists for these duties to be overlooked. Since the division does not track or measure its activities (see **F5.27**), it is difficult to determine whether staffing levels are adequate. The division vacancy and layoff may compromise the planning division's ability to perform all functions and to deliver effective service in a timely manner. The planning division's ability to prevent zoning violations, conduct inspections and handle complaints in a timely manner are potentially affected. Planning and zoning are important to existing and future development

of a municipality as well as to the preservation of the existing residential, commercial and industrial stock. Thus, the effects of the planning division's current staffing levels can impact the current and future condition of the City. In addition to the functions performed by the City's planning division, planning departments in other Ohio cities are also involved in site plan review, fair housing, renter's rights, and short and long range planning including the development and updating of comprehensive plans for development in the community. Comprehensive or master planning is further discussed in **F5.28** and **R5.19**.

R5.16 The planning division should assess what additions to its current staffing levels are sufficient to meet the duties and responsibilities of the department. In order to determine what additional staff is warranted, it also needs to collect and analyze performance data (see **R5.18**). The proposed department reorganization discussed in **F5.26** and **R5.17** further addresses staffing concerns.

F5.26 The director of WEPBD has indicated that he would like to restructure the planning division after the retirement of the current planning director in April 2002. The plans calls for the elimination of the planning director position and for the division to be staffed by two zoning and planning technician positions (I and II). The WEPBD has a zoning technician that is currently on lay-off status. The proposed zoning and planning technician positions would report to the WEPBD director, who would assume the responsibilities of planning director.

Neither of the peer cities have a separate planning director position. In Middletown, zoning functions are performed by a senior planner who reports to the director of development. Middletown's department of development includes economic development, zoning, housing and community development and building. In the peer city of Mansfield, planning functions are combined with building functions. A building inspector is responsible for zoning activities and reports to the building official.

R5.17 Before the City reorganizes the planning division, the WEPBD director should analyze the planning functions currently performed within the city as well as those that the City should be performing. If the planning functions are being coordinated sufficiently among the departments or divisions (community development, planning), a planning director position may not be necessary. In both peer cities, planning personnel report to department directors rather than to planning division directors. If the City moves forward with this reorganization, the WEPBD would need to bring back the zoning technician from lay-off status and hire one additional zoning and planning technician. (see **F5.25**) In addition, WEPBD will need to consider which position will be responsible for each of the current duties of the planning director and whether any city ordinances will need to be modified.

Financial Implication: The elimination of the planning director position would result in a cost savings. The exact savings will depend on the rate of pay of the new technician position.

However, based on the FY 2000 salaries and benefits for the existing planning director and zoning technician(laid-off), WEPBD could save approximately \$8,000 by eliminating the director position and bringing back the laid-off technician and hiring an additional technician.

Performance Measurement

F5.27 WEPBD management staff lack tools for tracking and managing workload drivers for assessing the planning division's effectiveness or efficiency. Although it is possible to track some performance measures in the ICES management system (see **F5.46**), key workload and quality indicators are not measured and adequate performance records do not exist.

The planning division does collect some basic data including the number of warning tickets for abandoned vehicles, gas well permits and portable sign permits issued. However, it does not track information including the number of violations cited, inspections done per staff member or per day, cars towed, complaints reported, complaints addressed, or phone calls answered. Because the division does not appear to keep necessary records of its activities, it is difficult to assess the productivity of the division and the zoning needs of the city.

By keeping records and correlated statistics on activities, a planning department can create internal benchmarks to assess its needs and performance, and can develop its own performance expectations. Since the division does not gather key data on a formal or consistent basis, the actual number of inspections or other functions performed by staff cannot be determined. This data is necessary for assessing staffing levels. It is also necessary for determining whether staff time is being used efficiently.

Examples of performance measures appropriate to this division include the following:

- Staff time used by type of activity
- Total number of inspections conducted
- Zoning permit applications processed
- Time required to complete inspections or plans examinations
- Number of violations cited
- Number of violations resolved per FTE
- Cost per violation case
- Number of complaints recorded
- Number of complaints inspected
- Number of phone calls answered
- Percentage of violations brought into voluntary compliance prior to initiation of administrative or judicial action

Measuring performance is important for several reasons which include the following:

- Focusing management's attention on key issues
- Providing feedback on performance
- Identifying problem areas
- Guiding and directing improvement efforts
- Managing workload

R5.18 The WEPBD should determine what workload drivers will be measured for the planning division, and establish performance measures that correspond to each workload driver. Each performance measure should apply a standard to the workload indicator as a measure of effectiveness. Finally, WEPBD will need to establish procedures and a schedule for compiling data as well as the most appropriate software to store and analyze the data.

After performance measures are compiled, WEPBD should analyze the data and make adjustments in staffing and workload as is necessary to optimize efficiency among staff. WEPBD should also establish performance goals for the planning division based on benchmarks. If there is insufficient work available, the City should consider additional cross training or contracting out some or all of the planning functions. The planning division should develop procedures for recording its activities and should incorporate performance measures and benchmarks to assess these activities. The ICES system (see **F5.46**) could be used to record some planning division functions such as inspections and complaints. Properly developed and implemented records would allow the planning division to accurately and objectively determine both the level of service being provided as well as the staff productivity associated with its functions.

Once the division begins measuring its activities, benchmarks and indicators of quality can be used to assess its progress. Some examples of measures of success for planning actions include the percent of decisions upheld by various boards, the percent of approvals from the planning commission and target completion dates for activities. For example, Charlotte, North Carolina has a target of 30 days for reviewing subdivision plans or re-zoning applications. Overland Park, Kansas has developed a target of updating zoning maps within one week of each zoning change.

The planning division should also utilize workload information to determine any critical voids in service that may exist in the planning division. As noted in **F5.23**, the staff layoffs and vacancies in the division may have impacted its ability to perform certain functions. However, the current lack of available workload data makes it difficult to assess the impact of the layoffs or efficiency and effectiveness of the staff. By developing workload statistics, the division will be able to identify its service needs and conduct a gap analysis to determine what functions or levels of service are not being met. The division will also be able to measure the effects of future staff reductions or additions.

In addition, as discussed in **F5.37**, **R5.4** and **R5.24**, staff in the engineering or building divisions could potentially be available during slow periods to assist in planning division activities. By developing workload statistics, the planning division can determine the level of staffing assistance that it might require.

Program Assessment

F5.28 The City has not updated its comprehensive plan since the early 1980's. In addition, the City does not appear to be engaged in any long-range comprehensive planning that involves the planning division or the Planning Commission. Also, there does not appear to be any linkages between the planning division and the community development department. Long-range planning should not just involve zoning and land-use issues, but should also be tied to community and economic development.

R5.19 The City should develop a process for on-going long-range planning related to the comprehensive plan and development issues. In addition, the City's comprehensive plan needs to be periodically updated to reflect development and zoning changes. Effective zoning for a municipality should be based on a well-conceived master plan and thus, the plan must be occasionally revisited in order to ensure that planning and zoning regulations and activities meet the needs of the City. The Planning Commission needs to be integral to the planning process. Other related departments should be included such as the Community Development department and the Health department. This activity does not necessarily need to originate in the planning division. The Mayor's Office or Community Development department could also be appropriate as the lead department. However, planning division staff should be involved in the process. They should remain responsible for updating and preserving maps within the comprehensive plan and should help to identify zoning and planning issues to be addressed.

Long range planning should focus on topics including: patterns of growth and development, access to facilities, separating incompatible land uses and activities, street and traffic patterns, location of public facilities, preserving and improving the housing stock, housing costs, preserving historic buildings, health of the downtown, economic development, and environmental issues. While these issues would have been considered in the initial development of the City's master plan and ordinances, they should be revisited on a regular basis. As an area with a declining population and aging housing stock, the City needs to address issues such as preserving housing through its health, building and zoning codes and develop a strategy for encouraging both residential and commercial development.

F5.29 While there is a procedural manual for the Planning Commission, the planning division staff does not have an internal policies and procedures manual for most of its planning activities. The purpose of a policies and procedures manual is to ensure a uniform decision-making

process and to routinize daily operations so that staff members have a reference tool. Access to policies and procedures also help to ensure continuity and consistent application of city ordinances and department regulations.

The lack of written procedures is particularly problematic for the planning division due to the layoffs in the department and the absence of the planning director. If new personnel are hired by the planning division in the future, they will not be able to rely on existing staff to advise them of department practices.

R5.20 The planning division should develop an internal policies and procedures manual directed toward staff. A manual can help the planning division to ensure consistency in its planning activities. The manual should include inspection procedures as well as performance measures. The manual should describe personnel duties with enough detail to ensure continuity in the event of new personnel. For example, Middletown has written inspection procedures that include the process for scheduling inspections, duties of inspectors, report due dates, and procedures for filing court charges. The written policies and procedures should also be tied to performance measures to ensure they are collected and measured in a consistent manner.

F5.30 The planning division is responsible for the management of the city's gas well program. There are approximately 70 wells currently operating in the city. Chapter 731 of the City Code requires that companies obtain a permit in order to operate gas and oil wells within the city. A fee of \$5,000 is charged for the permit. Operators of gas and oil wells are required to enclose their well and all surface facilities and storage tanks, with a substantial fence. The fence must be kept locked whenever the well's operator or employees are not on the premises. The operator is also required to landscape in areas which are subject to public view.

The planning division is responsible for issuing the well permit, approving the plot plan for the site and conducting a site analysis. After the well is in operation, the planning division is responsible for ensuring that the property is maintained as required. The planning division periodically inspects these sites and primarily focuses on the condition of the fences. In addition, planning division staff answer calls from citizens regarding their mineral rights. While the acting director periodically inspects well sites, there is no organized schedule of inspections or records of when inspections were last done to ensure that well operators are complying with the ordinance.

R5.21 In order to ensure that gas and oil wells within the city are properly enclosed, the planning division should develop a record keeping policy and procedure for this responsibility. The division should develop a schedule for inspecting all gas and oil wells in operation. In order to develop the schedule, the division will need to determine the appropriate frequency for

inspections and develop an up-to-date list of all wells in operation. In addition, the planning division should keep a record of each completed inspection which notes any violations found and any corrective action taken.

- F5.31 The planning division is responsible for citing and towing inoperable or unlicensed cars that are improperly stored in the city (e.g., parked on the street or in a driveway). With the exception of the Police department, the planning division is the only city department that has the power to have a car towed. In contrast, the Health department may cite a car, but must rely on the Police department to authorize a private contractor to tow the car. Once the planning division has “tagged” the car with a violation notice, it will be towed in 48 hours if the violation has not been remedied. Property owners are charged \$50 plus the cost of towing if they wish to retrieve their car. However, no funds for either the towing charge or the inspector's time are recouped by the city if the car is not retrieved. In 1999, warning tickets were issued to 96 abandoned vehicles. Between February 2000 when the zoning and planning technician was transferred, and April 2001, no cars were tagged or towed by the planning division. The acting planning director has indicated that he has been performing this task on a limited basis, however he has not kept records on this activity and cannot estimate the number of vehicles in the city that should currently be ticketed and towed (see **F5.27** for discussion on tracking and managing data).

During the course of this audit, legislation was passed by City Council that would institute a \$50 administrative fee for any vehicles in violation of city ordinances that are towed within the city. The ordinance became effective in November, 2001.

- R5.22** The planning division should develop a plan for resuming its tagging and towing activities and for ensuring that the new fees are collected. The planning division should also resume keeping records on the number of cars tagged and the number of staff hours spent on this activity.

Technology

- F5.32 The planning division does not have plat and zoning maps in a computerized system. As noted in **F5.3**, the department's maps and plats are all in paper or mylar format and are in various stages of deterioration. However, they are updated as changes occur. For recommendations that discuss the department's need for a geographical information system to better store and utilize its maps, see **R5.3**.

Building Division

Findings / Commendations / Recommendations

Staffing

F5.33 The City's building division reports to the director of WEPBD. As of April 1, 2001, the building division consisted of 3.6 full-time equivalent (FTE) employees: a building official, a plumbing/HVAC inspector, an electrical inspector, WEPBD director (0.3 FTE) and executive secretary (0.3 FTE).

- *Certified Building Official:* The certified building official directs and supervises all functions related to building, mechanical and electrical inspections. The building official works with the WEPBD director in developing the building division's annual budget and policies. The building official reviews residential plans, oversees the review of commercial plans by a certified plans examiner, supervises other inspectors, and performs inspections.
- *Certified Electrical Inspector:* The certified building electrical inspector is qualified to inspect and report on building electrical and mechanical aspects of construction projects. To ensure compliance with state and county building codes, the inspector performs electrical inspections of new, remodeled or existing residential, commercial, and/or institutional installations as well as mobile and modular homes.
- *Certified Plumbing/HVAC Inspector:* The certified plumbing inspector is qualified to inspect plumbing, ventilation and air condition installations. To ensure compliance with state and county building codes, the inspector performs plumbing/HVAC inspections of new, remodeled or existing residential, commercial, and/or institutional installations as well as mobile and modular homes.

The adequacy of the inspection and plan review functions are discussed in **F5.36** through **F5.39** and **F5.43**.

F5.34 **Table 5-10** compares the functions of the City’s building division to those of the peers.

Table 5-10: Peer Comparison of Building Division Functions

Function	Warren	Mansfield	Middletown
Plan Review	x ¹	x ¹	x ¹
Building Inspections	x	x	x
Electrical Inspections	x	x	x
Plumbing/HVAC Inspections	x	HVAC only ²	x
Housing Inspections	-	x	-
(Housing) Nuisance Inspections	-	x	x
Zoning Inspections	-	x	-

Source: Warren building division.

“X” indicates that function is performed by the department

¹ Commercial plan reviews are contracted out

² Richland County is responsible for plumbing inspections

As shown in **Table 5-10**, the City’s building division provides similar functions compared to the peer cities. In addition to the functions performed by the City’s building division, the peers’ also perform minor nuisance inspections, housing inspections and zoning code inspections. In the City, these are conducted by the health department, community development department and the planning division. The City’s only housing inspection function was performed by a property maintenance code inspector. This function and position was transferred from the building division to the community development department in FY 2000.

The adequacy of the inspection and plan review functions are discussed in **F5.36** through **F5.39** and **F5.43**.

F5.35 **Table 5-11** shows building division staffing levels for Warren and the peer cities.

Table 5-11: Building Division Staffing Level Peer Comparison (FTEs)

Position	Warren	Mansfield	Middletown	Peer Average
Supervisor	0.3 ¹	0.7 ⁶	0.3 ²	0.5
Building Official	1.0	0.7 ⁶	1.0	0.9
Administrative Secretary/Clerks	0.3 ³	2.2 ⁶	3.0	2.6
Housing Inspectors	0.0	5.0 ⁷	1.0 ⁴	3.0
Plumbing/HVAC Inspectors	1.0	N/A ⁸	1.0	N/A
Electrical Inspectors	1.0	1.0	1.0	1.0
Building Inspectors	0.0	0.9 ⁵	1.0	1.0
Total Staff	3.6	10.5	8.3	9.4

Source: Warren building division and peer organizational charts

¹ Director manages the engineer, planning & building divisions

² Director manages the development department which is made up of three divisions

³ Executive Secretary is responsible for providing clerical support to three divisions

⁴ An inspector position is currently open

⁵ Building/Mechanical inspector conducts zoning related functions 15 percent of the time

⁶ Supervisors, building official and clerical staff conducts zoning related functions in the planning department 27 percent of the time

⁷ Includes 5 housing inspectors that are used for building nuisance inspections only

⁸ Richland County perform plumbing inspections for Mansfield. Mansfield has very few requests for HVAC permits, so a private contractor performs HVAC inspections when needed.

As shown in **Table 5-11**, the overall staffing levels of the City's building division are 61 percent lower than the peer average, which can generally be attributed to fewer clerical staff and lack of a housing inspector function. Like Mansfield, the City has 2.0 FTEs for plumbing/HVAC and electrical inspections. If the building inspector position is recalled, WEPBD's building division will be at the same level as Middletown for these three key inspector positions.

Mansfield has the largest number of (housing) inspectors due to its aggressive building-related nuisance violation program. Mansfield's housing inspectors handled over 9,000 housing-related nuisance complaints in FY 2000. Mansfield's housing inspectors not only perform nuisance related inspections, they also perform zoning related inspections, trace and locate landlords and absentee owners, and inspect structures for code violations. Richland County handles all health nuisance related inspections and plumbing inspections for Mansfield.

Once the building inspector is recalled, the building division will have an adequate number of staff. Since the division does not gather key data on a formal or consistent basis, the actual

number of inspections or other functions performed by staff cannot be determined. This data is necessary for assessing staffing levels. It is also necessary for determining whether staff time is being used efficiently. (See **F5.36** and **R5.23**).

Performance Measurement and Workload

F5.36 WEPBD management staff lack tools for tracking and managing workload drivers (inspections, permits issued) for assessing the building division's effectiveness or efficiency.(see **F5.6**, **F5.27**) Key workload and quality indicators are not measured and adequate performance records do not exist. Since the building division does not gather key data on a formal or consistent basis, the actual number of inspections or other functions performed by inspectors, administrative and support staff cannot be determined. This data is necessary for assessing staffing levels.

Although the Ohio Board of Building Standards (OBBS) has no specific standards detailing maximum number of inspections to be performed per permit issued, the OBBS strongly recommends a complete final inspection as well as preliminary inspections of the footer and rough-in (framing). The OBBS further recommends three to five random inspections of all new construction to ensure contractors and home-owners are adhering to approved plans and standards. These provide guidelines as to the minimum and recommended number of inspections.

Examples of performance measures appropriate to this division include the following:

- Number of inspections by type
- Number of plans examined
- Staff time per inspection by type of inspection
- Permit applications processed by executive secretary or clerical staff
- Support staff time spent on clerical versus customer service activities
- Staff time required to complete plans examinations
- Number of certificates of occupancy issued
- Staff response time for inspection requests
- Number and content of customer complaints
- Length of time customer waits to receive permit
- Number of inspections rejected.

Inspectors in Raleigh, North Carolina, for example, rejected an average of 448 building inspections per inspector in 1991 because the state building codes were not being followed. Rejection rates may help city officials judge whether charges of overzealous enforcement against one of their own inspectors are credible or not.

Measuring performance is important for the following reasons:

- Focusing management's attention on key issues
- Providing feedback on performance
- Identifying problem areas
- Guiding and directing improvement efforts
- Managing workload

Benchmarks for the building inspection function aid in documenting the effectiveness of inspections. Effective inspections can help prevent building flaws and noncomplying construction practices. A few examples of benchmarks for this division include:

- Building permit review within 4 weeks for most commercial projects and within 2 weeks for most residential buildings
- Customers attended to within 2 minutes of arrival and served within 15 minutes of arrival
- Building inspections performed within 2 workdays from the time requested

R5.23 The building division should determine what workload drivers will be measured and establish performance measures that correspond to each workload driver. Each performance measure should apply a standard to the workload indicator as a measure of effectiveness. The measure is then compared to the benchmark to determine progress and success in achieving goals. Finally, WEPBD will need to establish procedures and a schedule for compiling data. The data can be stored in the City's ICES software (see **F5.46** and **R5.32**).

After the performance measures are compiled, WEPBD should analyze the data and make adjustments in staffing and workload as is necessary to optimize efficiency among inspectors support and administrative staff. WEPBD should establish performance goals based on benchmarks like those in **Table 5-12** and **Table 5-13**. If there is insufficient inspection work available, the City should consider requiring cross-certification or contract out inspection functions to the County or other state certified contractors.

F5.37 Given the nature of construction work, it is not uncommon for workload to decline during times of inclement weather. According to WEPBD's annual report, it appears that electrical work does not slow down and remains fairly consistent from month to month. However, the building division issued 208 building permits in January, February and March of FY 2000 which represents about 12 percent of the total permits issued for that year.

During slow periods, Mansfield utilizes all their inspectors to perform nuisance inspection functions, such as snow covered sidewalks and housing complaint inspections. The City of Middletown's inspection services are centralized and inspectors are cross certified, making

it easier for inspectors to provide the necessary functions such as zoning or housing inspections, according to the needs of the department.

R5.24 WEPBD should monitor how effectively the electrical and mechanicals inspectors’ time is being used during the off season for construction or other slow periods and determine whether new tasks associated with the building or planning division functions could be incorporated into their job descriptions. Allocation of these duties among these inspectors may reduce the number of additional employees needed to fill the critical voids in the building or planning division. WEPBD should work with the Human Resources department to implement this change to ensure compliance with the union contract and cooperation from the bargaining unit.

F5.38 **Table 5-12** provides a comparison of the total number of permits issued and inspections performed by the City and the peers.

Table 5-12: FY 2000 Building/Mechanical Permit Comparison ¹

Type of Permit	Warren	Mansfield	Middletown	Peer Average
Building	536	341	472	406
Electrical	481	296	585	440
Plumbing	164	County ²	841	N/A
HVAC	109	0	353	N/A
Sub total	1,290	637	2,251	1,444
Miscellaneous Permits ³	86	279	130	204
Total Permits	1,376	916	2,381	1,648
Building/Electrical/ Mechanical Inspectors	3.0 ⁴	2.6 ⁴	4.0 ⁴	3.3
Number of Inspections	N/A ⁵	2,286 ⁶	6,061 ⁶	4,536
Inspections performed per inspector	N/A	886	1,515	1,200

Source: Warren and peer cities

¹ Includes residential and commercial permits

² Permits and inspections are the responsibility of Richland County

³ Includes fire suppression, demolition and signs

⁴ Includes chief building official

⁵ Warren does not keep track of actual inspections performed

⁶ Actual inspections performed

In **Table 5-12**, the City issued 1,376 commercial and residential permits in FY 2000, which is 17 percent lower than the peer average. There are several possible explanations for the difference in number of new builds and permits between these cities. The number of new builds may be reflective of the economic well-being of the two areas. The City was also lower than Middletown in number of new builds in FY 2000; Middletown had 125, the City had 40. A city's level of cooperation with developers and property owners, as well as its development policies and practices, may also affect the number of new builds.

WEPBD has not tracked the number of inspections per permit actually performed, which may be more than required by OBBS. Although the OBBS has no specific standards detailing maximum inspections performed per permit issued, OBBS strongly recommends a complete final inspection as well as preliminary inspections of the footer and rough-in (framing). **(F5.36)** The OBBS further recommends three to five random inspections of all new construction to ensure contractors and homeowners are adhering to approved plans and standards.

R5.25 Performance measures are discussed in **F5.36** and **R5.23**. The building division should follow OBBS recommendations regarding number of inspections performed and the length of time it took for each inspection. Based on OBBS recommendations and the peer average, the City's building division should establish benchmarks of performing at least 3 to 5 routine and random inspections per permit.

During the course of this audit, the State Auditor's Office held status meetings with the WEPBD in an effort to keep them informed as to the status of the audit. The status meetings were also conducted to provide WEPBD with necessary information so it could begin implementing various recommendations prior to the completion of the engagement. As a result of these meetings, the WEPBD has started keeping track of all building inspections performed.

F5.39 **Table 5-13** compares the number of inspections performed per inspector for peer and other benchmark cities.

Table 5-13: Number of Inspections Per Day Per Inspector

Type of Inspection	City of Mansfield OH	City of Middletown OH	City of Solon OH ¹	City of Beachwood OH ²	Trumbull County OH	City of Irving TX	City of Greenville SC	Average Daily Inspections per Inspector
Building	3	3	16	8	10	16	12	10
Electrical	3	7	16	8	18	12	7	10
Plumbing	N/A ³	14	9	8	N/A	18	6	11
Mechanical /HVAC	N/A	N/A	9	8	16	33	6	14

Source: Municipal Benchmarks Publications; cities of Mansfield, Middletown, Solon and Beachwood; and Trumbull County's building department.

¹ Solon's building and electrical inspectors are cross-certified

² Beachwood inspectors are all cross-certified to handle multiple inspections at once

³ Plumbing inspections are performed by the county

The City's building division does not track the number of inspections performed. However, peer data and industry standards can be used to establish benchmarks or goals for the division's inspectors. According to average inspector workload figures reported in *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (Ammons, 1996), a workload of 10 to 16 general building inspections per day seems reasonable, as do slightly lower numbers of electrical, mechanical, or plumbing inspections. These figures are supported by the data in **Table 5-13** which shows an average number of inspections ranging from 10 to 14.

According to industry standards, average inspector workload varies by inspection specialty among the municipalities. The amount of time an inspector spends on each inspection may influence daily workload. By holding down the inspector time per inspection, inspector workload may be increased. Quantity gains, however, may be negated by quality losses if inspector speed results in faulty inspections. The division should attempt to stay within a range of average inspections among other cities.

R5.26 WEPBD should maximize productivity among inspectors by hiring or contracting with cross certified inspectors (electrical, plumbing/HVAC, building) for vacant inspector positions and cross-training inspectors to perform other-related inspections (e.g., nuisance) wherever possible. Cross certification of existing inspectors is discussed in **R5.24** and **R5.27**. WEPBD should also ensure that inspections are scheduled in an efficient manner. Although the building division has not adequately tracked the data needed to assess staff and division efficiency or effectiveness (see **F5.36**, **R5.23**), on the basis of reported figures in **Table 5-13**, WEPBD building division inspectors should establish performance goals of maintaining an

average daily workload of 10 to 16 inspections. This is approximately 2,600 to 4,160 inspections per inspector annually.

Inspector Certification

F5.40 The certification requirements vary widely between the inspectors. **Table 5-14** outlines state certification requirements for the City’s inspectors.

Table 5-14: Certification Requirements for Building Division Staff

Position	Minimum Certification
Building Official	<ul style="list-style-type: none"> ● Class I certification as required by ORC § 3781 ● Valid Ohio driver’s licence
Plans Examiner (contracted out)	<ul style="list-style-type: none"> ● Ohio Certificate of Registration as Professional Engineer or Architect ● Minimum five years experience in design and construction of buildings ● Class II state certification ● Valid Ohio driver’s licence
Mechanical (Electrical and Plumbing) Inspector	<ul style="list-style-type: none"> ● State Board of Building Standards Certificate of Competency for safety inspector and Class II state certification ● Minimum three years as skilled tradesman for work subject ● Valid Ohio driver’s licence
Building Inspector	<ul style="list-style-type: none"> ● Ohio Class III Building Inspector certification ● Valid Ohio driver’s licence

Source: Warren job descriptions and OBBS requirements

The OBBS adopts rules governing the certification of building department personnel and the minimum services to be provided by a certified building department. The City’s building division inspectors all meet state minimum certification requirements. All certifications are up-to-date and are directly relevant to the duties of each employee.

There is no cross-certification of inspectors in the City, which may result in an increased number of trips to each job site and an increase in the overall cost for each inspection performed. However, due to the requirements for certification of mechanical (electrical and plumbing) inspectors, it is difficult for building inspectors to cross-certify to become an electrical or plumbing inspector. Mechanical inspectors can more easily become certified building inspectors. The City recently hired a building official that is seeking an additional class III certification to act as a back-up building inspector, thus avoiding to have to pay a private building inspector.

Middletown's building official and back-up building inspector are cross-certified to perform other types of inspections. The building inspector initially had electrical inspection experience prior to seeking a class III certification as a building inspector. Middletown's full-time plumbing inspector and electrical inspector also received a class III certification, which allows them to conduct building inspections.

R5.27 To improve productivity of inspectors and to aid in their development, it is in the best interest of the city to have inspectors cross-trained and cross-certified wherever possible. WEPBD should work with the Human Resources department to determine the most effective way of addressing this, given the current labor agreement. One way to accomplish this would be for WEPBD to develop an incentive program for those inspectors already certified as either electrical or plumbing inspectors to seek an additional certification in building inspections (Class III). The City should also encourage employees to become cross-certified by paying for exams, classes or other requirements needed for employees to get this certification.

Multiple inspection certifications will ensure that the division is maximizing use of existing employees and that costs are not inflated through redundancy, contracting out or overstaffing. Furthermore, multiple certifications will enhance the overall and individual credentials in the division and provide a higher level of assurance in code compliance. As new inspectors are hired or contracted, the City should seek out individuals that hold multiple certifications. This will not only increase the flexibility and cost effectiveness of the building division by reducing the number of trips by various inspectors to the job site, but it will also increase the number of inspections performed.

F5.41 The building division has not maintained documentation in accordance with OBBS, Ohio Revised Code (ORC) and Ohio Administrative Code (OAC) requirements. The City entered into agreements with back-up certified building, electrical and plumbing inspectors in 1982. These agreements are not current. The City also does not have a formal contract or agreement with the private architect/engineers who are providing plans examination services. In addition, the building division has not provided OBBS with required documentation on current personnel providing these services within the required time frames.

As outlined in OAC §4101:2-1-45, OBBS requires certified building departments to have "in its employ or under contract" one, or at least one, person designated as the building official, plans examiner, building inspector, plumbing inspector, electrical inspector and alternate personnel meeting the certification requirements. Since the City is under contract with another municipal corporation to provide backup inspection services, it is also required to have this contract for work or services on file with the State. All contracts for inspections and plans examination are required to be on file with the State and updated as personnel changes occur.

Because the City has not complied with ORC § 3781.10 and OAC §4101, it will receive a letter from OBBS outlining the code violation. The City will then have a specified amount of time to reply or present their case to the OBBS and provide the necessary documentation. Unless the City is able to adequately respond to this noncompliance allegation, the code violation will become a part of the City's permanent record.

R5.28 The building division should update agreements with all back-up inspectors and contracted plans examiners to comply with ORC § 3781.10. The contracts should include what services they are expected to perform (plumbing, plans), time frames for reviews, what their remuneration will be, and the signatures of all involved.

A copy of these contracts are required to be sent to OBBS when back-up inspector changes are made. Contracts or agreements help to ensure that services are conducted by certified individuals, in a timely, consistent and responsive manner and in accordance with state law.

F5.42 The building division has depended on outside building inspection services, due to the vacancy of the full-time in-house building inspector position. The contracted (part-time) building inspector conducted 169 building inspections in the City from November 2000 through March 2001. The contracted building inspector sends an invoice to the WEPBD director at the end of each month for inspections he conducted within the City. The invoices show the following information:

- Name or address of the facility inspected;
- Type of inspection (final, footer, frame or foundation);
- Result of the inspection (Approved, Not Approved, or Temporary Approval);
- Date of the inspection; and
- Fee charged.

The contracted building inspector keeps a detailed (hand-written) report of the results of each inspection in his own personal files, however the City has not received or requested a copy of these reports. The invoices sent to the City for payment by the building contractor made it hard to determine what was inspected, if there needed to be a follow-up inspection, or the inspection time. This information is necessary to adequately compare the cost of the inspection against the time spent on the inspection. The City paid these invoices without having adequate information on the work that was performed.

R5.29 The City should provide greater oversight of contracted back-up inspectors by requiring detailed reports on all inspections performed in the City as they occur. The City should require reports to include, in detail, the following information:

- What was inspected,
- The results of the inspections
- The date and time of the inspection
- How long the inspection took
- Signature by the certified inspector

This data should be entered into the ICES permit system and the hard copy should be filed under the property address in order to have an inspection history of all properties in the City. The City should consider creating and providing a standardized form for inspectors to complete and return. This will make it clear what information needs to be submitted. The City should not disperse any payments to outside back-up inspectors until such a detailed report of work performed is received and reviewed by department administrators.

Plan Review

F5.43 The building divisions' process for tracking plans through interdepartmental review has not been consistently followed. The building division developed an effective process for tracking plans that has been neglected, due in part by the absence of the building official, at the time of this audit, and the lack of oversight. There are several steps that make up the plan review process. First, the commercial plans are sent to the certified plans examiner for quality control review. Then the plans are routed to all applicable departments to be reviewed for compliance with all applicable local ordinances (zoning, health or fire) and OBBS regulations. Lastly, only after each department sanctions the building plans and the building official concurs with all other approvals, does the building official initiate the permit process along with secretary, who processes the permit applications.

The City's building division does not track and analyze response time for plan review, time spent reviewing plans or the number of plans reviewed by staff or by plans examiners. As a result, the efficiency or effectiveness of these activities cannot be assessed. Middletown's staff reviewed an average of 276 residential building plans per year from 1998-2000; contractors reviewed an average of 496 commercial plans per year. Mansfield's contractors and staff reviewed an average of 457 residential and commercial building plans per year from 1998-2000.

R5.30 The building division should develop and maintain better controls for tracking plans, examinations and approvals. Proper tracking will ensure that upon completion, any proposed construction, alteration, installation or use will meet the requirements of all applicable codes and ordinances. Efficient plans examinations, coupled with accurate permanent records, is the key to effective code enforcement.

The building division should also track and analyze performance, workload and benchmark data as indicated in **R5.23**.

During the course of this audit, the State Auditor's Office held status meetings with the WEPBD in an effort to keep them informed as to the status of the audit. The status meetings were also conducted to provide WEPBD with necessary information so it could begin implementing various recommendations prior to the completion of the engagement. As a result of these meetings, the WEPBD has started keeping track of all building plans through the interdepartmental review process.

Permit Cost

F5.44 The **Table 5-14** reviews the cost of permits compared to peers.

Table 5-14: Permit Fee Comparison

	Warren	Mansfield	Middletown
Building Residential (new construction) Single Family Multi-Family	\$100.00 + \$4.00/100 sq. ft. \$65.00 per unit + \$4.00 / 100 sq. ft.	\$60.00 + \$2.00 / 100 sq. ft. (same as single family)	based on the estimated valuation: \$30.00 or \$30.00 + \$3.00-6.00 per \$1,000 estimated construction costs ³
Building Commercial (new construction)	\$75.00 minimum or 0.75% of the building valuation	\$125.00 + \$3.75 / 100 sq. ft.	based on the estimated valuation: \$30.00 or \$30.00 + \$3.00-6.00 per \$1,000 estimated construction costs ³
Electrical Residential (new construction) Single Family Multi-Family	\$65.00 \$45.00 per unit	\$30.00 + \$1.00 / 100 sq. ft.	\$90.00 \$60.00 per unit
Electrical Commercial (new construction)	\$30.00 minimum + add-ons ¹	\$125.00 + \$1.25 / 100 sq. ft.	\$90.00 minimum or \$3.00 / 100 sq. ft.
Plumbing Residential (new construction) Single Family Multi-Family	\$65.00 \$45.00 per unit	N/A ²	\$90.00 \$60.00 per unit
Plumbing Commercial (new construction)	\$25.00 minimum + add-ons ¹	N/A ²	\$90.00 minimum or \$3.00 / 100 sq. ft.

Source: Warren codified ordinance and peer cities’ codified ordinances

Note: **Table 5-14** does not reflect all permit fees

¹ Such as cost per meter, outlets/switches, fixtures, power outlets, appliances, outlets in excess of 120 volts

² Plumbing inspections are performed by the county

³ Dollar amount charged per \$1,000 (value of construction) varies based on established tiers of construction value. There is a flat fee of \$30 for construction valued up to \$1,000.

As reviewed in **Table 5-14**, it is only possible to compare the fee structure among the cities for a few permit types. For those permit fees that are in “like terms,” the City’s fees are higher in some areas and lower in others. The City’s residential building permit fees are higher than Mansfield. However, the electrical and residential plumbing permit fees are lower than Middletown. The City does not currently monitor its costs compared to other

cities. This is an important activity because cost-prohibitive permit fee structures can deter developers or home owners from improving an existing home or building new homes.

While it is important to keep permit fees at a reasonable level, the city also needs to ensure that revenues from permits cover expenditures for providing permit-related inspections. These activities should not be subsidized by taxpayers. They should be covered by user-fees (permits). The City does not maintain the number of inspections and staff time per inspection that would allow for this analysis. As a result, the City is unable to accurately determine whether its revenues cover its expenditures for these activities.

R5.31 The City should develop and implement a process for ensuring permit and other fees accurately reflect the cost that the City incurs to be able to perform related services such as inspections. Although the building divisions' expenditures are similar to their revenues, the City should continually review the permit fee structure to make sure they are not over or under charging their customers.

F5.45 The Insurance Safety Office (ISO), a for profit organization, established a program in 1997 of reviewing all building departments in the United States every three years. The ISO conducts the evaluation by providing all building divisions with a 25 page questionnaire (Building Code Effectiveness Grading Schedule) to be filled-out. The ISO assesses the building codes that are in effect in a particular community as well as how the community enforces its building codes. The City of Warren, building division was reviewed in 1999 by the ISO and received a favorable rating of three out of five (one being the best). The ISO stated that most building departments in the State of Ohio received a four or five rating.

C5.5 The building division should be commended for enabling the City to receive a lower insurance rating, which will lead to a reduction in the City's insurance costs. The prospect of lessening catastrophic related damage and ultimately lowering insurance costs provides an incentive for the City to enforce their building codes in an effective manner.

Technology

F5.46 The City purchased an Integrated Code Enforcement System (ICES) designed for tracking, managing and reporting property activities (permits, inspections, violations, point of sales). However, WEPBD does not use the ICES system to its full capacity. This seems to be due to lack of training on the system and inadequate record keeping or documentation.

Although the building division has maintained an extensive project filing system, the building division does not archive information nor does it document the processes of building inspections in its ICES computer system. It does not maintain accurate historical information such as total inspections, inspection dates, or total site visits made prior to the

permit being awarded. As a result, WEPBD is unable to easily quantify costs and staffing needs for key building division functions such as building inspections and the plan review process.

According to staff, the building division has continuously experienced problems with the software, i.e. crashes almost daily and loss of information, since purchasing it in May 1997. An ICES representative stated that the WEPBD is not familiar with the system due to staffing changes and lack of training.

The ICES building permit program software package enables the building inspectors to record and track permits, inspections, plan reviews and contractor registrations in all disciplines. The program will also print a number of reports based on financial, permit types, specific contractors and a number of variables set by the inspectors. There are many advantages of the ICES permitting system including increased accuracy, easier exchange of information between building inspection and zoning offices, and easier accounting by the finance department of the fee portion to be forwarded to the State. ICES has many useful features for inspectors including the ability to detail inspection findings; provide accurate and complete year-end inspection totals for each type of inspection; produce inspection outcomes and notices of code violations automatically; and remind inspectors when they must re-inspect properties.

By fully utilizing the ICES system, WEPBD can capture direct and indirect costs and use this information to plan projects within the constraints of WEPBD's budget. This will allow WEPBD to project costs more easily and accurately, and ultimately make budget allocation decisions easier.

R5.32 The building division should record all job tasks for all building inspection functions using the ICES software system. The ICES permit system should be used to document the building division's productivity and service levels.

The building division should also assign a staff member to regularly input and update information in the ICES computer system. At a minimum, the division should track the inspection performed by type, total inspections, inspection dates, total site visits made prior to the permit being awarded, detailed inspection findings, inspection outcomes, notices of code violations and re-inspection dates for properties.

The building division should schedule an ICES refresher training course with the vendor to re-familiarize staff with this system. WEPBD should consider providing training in four-hour increments, so there is adequate office coverage. Because the engineering permit information is also set-up on ICES, but differently from the building inspection information, the ICES vendor recommends having two separate training sessions (in-house).

Financial Implication: WEPBD should schedule a refresher training course with an ICES representative that will cost the City \$95 per hour. Based on the requirements of WEPBD and the recommendation of ICES representative, approximately 8-12 hours of training will be needed and will cost approximately \$760- \$1140.

F5.47 Currently, the WEPBD requires all individuals to come into the department to fill out the application for permits and registration forms for contractors. A large number of cities are establishing web pages to allow individuals to access various forms and information on-line. The WEPBD does not have the ability to provide such a service, which has resulted in a large number of over-the-counter business. The executive secretary spends a large portion of her time sending out contractor registration forms and applications for permits to those who cannot get to the department during working hours.

R5.33 The City should provide the opportunity for individuals to access various forms on-line. The current system capabilities would need to be analyzed, along with the overall needs of the City for this system to be effective.

Financial Implication Summary

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that the City should consider. Certain of the recommendations are dependent on labor negotiations or community approval. Detailed information concerning the financial implications, including assumptions, is contained within the section of the performance audit report.

Recommendations	Estimated Revenue Enhancement or Cost Savings (Annual)	Implementation Cost (One time)
R5.2 Credit card terminal and printer and cash register system		\$1,500
R5.3 GIS software system		\$8,000
R5.7 Revenue from two additional motor vehicle levies	\$421,000	
R5.15 Total field surveying unit in addition to SurvCadd surveying software		\$3,650- \$4,000
R5.17 Eliminating the planning director position, bringing back the technician from lay-off and hiring one additional technician	\$8,000	
R5.32 Refresher training course on ICES		\$760-\$1,140
Total	\$429,000	\$13,910-\$14,640

Funding from the passing of two motor vehicle levies (see **R5.7**) will help offset the estimated \$70 million cost for necessary road improvements.

Conclusion Statement

The City's roadways are in extremely poor condition. While WEPBD has been aggressive in seeking federal and state funding for road improvements. Inadequate local operating revenues has led to the WEPBD being underfunded, which has resulted in deferred road improvements in the City. Deferred road improvements have led to an increased cost for performing much needed rehabilitation or reconstruction repairs of local roadways. City roads serve the basic social and economic needs of the community. The City must secure and maintain additional sources of revenue to enable implementation of a long term plan or strategy for local road and other infrastructure improvements.

To provide a solid foundation for quality management decisions, WEPBD should develop procedures so it can track the use of labor and materials, and begin monitoring and measuring performance in all divisions. In addition to establishing procedures for collecting and reporting data, WEPBD needs to identify performance measures and benchmarks for the engineering, planning and building functions. Properly developed and implemented record keeping procedures can provide WEPBD access to data which will allow a more accurate assessment of service levels and staff productivity by function. By determining the actual cost associated with these services, the City could charge fees that accurately reflect costs to provide the service associated with each permit or fee. This ensures that customers are only paying for those services that they receive, and that the City and taxpayers are recouping their costs because they are borne by the users.

Improved use of technology by WEPBD should contribute to increased efficiency and an ability to better track and monitor performance. This includes the purchase of a geographic information system to further allow the City to safely and securely store maps and plats in a database that is backed up on the City's server. This system will greatly reduce the possibility of a major loss of records from a disaster. If the City makes the information available on its website or on a compact disk, then citizens, developers and other interested parties will have quicker and easier access to data. This should also help WEPBD increase department efficiency. WEPBD needs to better utilize the ICES permit system as a mechanism for maintaining and tracking information. The ICES system is beneficial because it can document service levels and report data in a way that will demonstrate the building and planning divisions' productivity. By fully utilizing the ICES system, WEPBD can capture direct and indirect costs and use this data to more accurately plan projects within the constraints of WEPBD's budget. This will allow WEPBD to better project costs and make cost allocation decisions.

Finally, WEPBD needs to provide greater oversight of contracted inspection services and maintain proper documentation to satisfy the Ohio Board of Building Standards, ORC and OAC. It needs to set strict guidelines for contractors regarding required documentation. WEPBD also needs to review all detailed inspection reports prior to the authorizing contractor payments. WEPBD should maintain contracts or agreements with all back-up inspectors, contracted or otherwise, to help ensure that services are conducted by certified individuals, in a timely and consistent manner and in accordance with State laws.