



**Auditor of State
Betty Montgomery**

CITY OF BRECKSVILLE PERFORMANCE MANAGEMENT PROJECT

NOVEMBER 9, 2004



Auditor of State Betty Montgomery

To the Citizens, Officials, and Project Team of the City of Brecksville:

The City of Brecksville (the City) and six other local governments were invited to participate in a Performance Management Project (the Project) because each was identified as a leader in financial reporting by professional organizations. This project was designed to enhance the City's public reporting process by assembling requested information in a user friendly manner. The seven entities participating in the Project include one county, four cities, one library, and one special district.

The mission of the Project is to provide citizens, officials, and employees with comprehensive and easily accessible indicators to assess the performance and enhance the planning process of a government entity. The report for the City contains socioeconomic indicators, key financial ratios, and a performance measurement exercise for two selected areas.

Reporting of socioeconomic conditions is important in the long-range planning process of an entity because it allows policies to be enacted within the parameters of quantifiable resources and needs of the community. Reporting of key financial ratios is important to the strategic planning and budgeting processes. By using financial ratios, the entity can develop financial policies that will define the amount of service available in a given time. Performance measurement allows the entity to determine the efficiency and effectiveness of an activity. This information can then be used to further enhance the strategic planning process and ensure the effective use of public dollars.

This report includes the following sections: project introduction; socioeconomic indicators; financial ratios; and performance management exercise. This report has been provided to the Mayor, Council President, Finance Director, and the Project Team of Brecksville, and its contents have been discussed with the Project Team.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this report can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
AUDITOR OF STATE

November 9, 2004

Table of Contents

INTRODUCTION

Background on Performance Management	1
Project Description	1
Background on the City of Brecksville	2

SOCIOECONOMIC INDICATORS

Background	3
Population and Demography Narrative	4
Population and Demography Charts and Maps	6
Housing and Geography Narrative	8
Housing and Geography Charts	10
Excerpt from National Recreation and Park Association Study	15
Local Business Climate Narrative	18
Local Business Climate Charts	19
Labor Market Narrative	21
Labor Market Charts	22
Personal Finance Narrative	25
Personal Finance Charts	26

FINANCIAL RATIOS

Financial Performance Ratios	31
Liquidity Ratios	33
Solvency Ratios	34
Fiscal Capacity Ratios	35
Risk Ratios	36
Operational Efficiency	36

PERFORMANCE MEASUREMENT EXERCISE

Recreation Programs	37
Service Department	40

Background on Performance Management

Any organization requires reliable data to make informed decisions. Recent advances in information technology have made it possible to efficiently gather, sort and store data on internal and external factors impacting organizations. These repositories of data enable managers to analyze strengths, weaknesses, opportunities and threats to their organization like never before to benefit their consumers.

As citizens continually demand more responsive and competitive government, public officials are increasingly collecting data to assess both external socioeconomic indicators for planning services and measure the performance of those services. Other states and national researchers have labeled Ohio a forerunner in collecting elementary and secondary education data through the Educational Management Information System (EMIS), which contains more than 200 data elements. This data is constantly analyzed by educators, researchers, the media, policymakers and citizens to measure the efficiency and effectiveness of education in Ohio.

Nonetheless, there are thousands of other local governments in Ohio that do not have such an effective tool to analyze data for planning and measuring their services. They must use websites of various state, federal and private agencies to search databases on the information they desire on external factors in their communities. In addition, many local governments do not consistently collect and maintain data to measure performance and manage their operations effectively. While the implementation of the Governmental Accounting Standard Board's Statement No. 34 will make government financial data much easier to analyze for policy purposes, many officials may not understand how to use this data to its full potential.

Brief Project Description

The Performance Management Project (PMP) attempts to transfer knowledge and information enabling local governments in Ohio to better serve citizens in an increasingly efficient and effective manner. It envisions a comprehensive portal system of data-sharing among Ohio's counties, municipalities, townships, libraries and other special districts. This network would offer a broad base of performance measures, both financial and socioeconomic, to help guide operating and policy decisions. It would also present an Internet class designed by academic experts to help local officials establish performance-based organizations. Site information could be tailored to the user profile.

This project takes into account that most organizations, government and non-government, go through cycles of high performance to low performance. Unlike many performance assessment programs, it does not attempt to institutionalize a methodology of performance management on any one or a group of governments. Rather, it provides a tool for all governments to use as they progress through the cycles.

This project is currently being piloted among several high-performing local governments, as defined by their financial reporting practices, which are the cities of Brecksville, Upper Arlington, Sidney, and Westlake; the Wayne County Public Library system; Lake Metroparks; and Richland County. Each partner government is financially contributing

to develop pilot performance measures in the areas of socioeconomic indicators, financial ratios, and operating performance measures.

Each partner has a project team comprised of legislative, executive and operational members of the entity as well as one or more citizens. Team members involved with the PMP project for the City of Brecksville included:

<u>Name</u>	<u>Title</u>
Virginia Price, CPA	Finance Department Director, Team Leader
Jerry Hruby	Mayor
Angela Rich	Accountant, Finance Department
Larry Potla	Council Vice President
David Deuch	Council President
Robert Pech	Service Department Director
Kimberly Robertson	Recreation Department Director
Ronald Stecker	Community Member

This report concludes Phase I of the PMP project, and details the selection of performance measures and the tools necessary to develop a performance driven organization. Key objectives and action plans for approaching Phase II of the project include:

- 10-15 socioeconomic indicators to assist in high-level, long-term policy analysis.
- 16 financial ratios providing a deeper analysis of government finances to help guide policy in the short-term.
- An exercise to develop objectives, performance measures and a self-assessment for two operational areas.

Background on City of Brecksville

The city of Brecksville is located in Cuyahoga County, approximately 15 miles south of the city of Cleveland. Although it is located in Ohio's most populous county, Brecksville's population has remained relatively small (13,382 in 2000 Census) due to a long-standing policy of controlled growth. Also, more than one quarter of the city's 19.54 square miles is parkland and the city's boundaries are landlocked.

This philosophy of controlled growth, combined with Brecksville's proximity to Cleveland, have helped make it one of the county's wealthiest communities. Between 1989 and 1999, per capita income increased by 15 percent beyond the rate of inflation. The median home value increased nearly 17 percent beyond the rate of inflation. However, much of this wealth moved into Brecksville in the past decade. Many long-time residents, particularly seniors, remain in a lower-middle income range.

City leaders have also made Brecksville a desirable place by prioritizing services, particularly recreation and human services. Realizing its aging population, the city is opening a \$10.0 million addition to its community center that will focus many of its services to the senior population.

Despite the community wealth and emphasis on services, the city has maintained a fairly conservative fiscal philosophy. City leaders state they attempt to operate within strict budgets and use excess income to pay off debt and make new capital improvements. Despite a \$52 million debt ceiling, the city maintains about \$5 million in bonded debt.

This philosophy has helped Brecksville attain the second-highest rating possible for General Obligation Bonds, resulting in lower borrowing costs. Only two Ohio cities maintain a higher rating.

Socioeconomic Indicators

Socioeconomic indicators encompass economic and demographic characteristics of the community, including population, income levels, age distribution, property values, employment, and business activities. They allow a government analyst to focus on external opportunities (e.g, new revenue sources) and threats (e.g, increasing service demands).

For this project section, the AOS mined databases from numerous state, federal and private organizations to develop potential socioeconomic indicators. It categorized hundreds of indicators into the following groups:

- Population and demography,
- Geography and housing,
- Environment,
- Public safety,
- Local business climate,
- Local labor market,
- Personal finance,
- Property taxes,
- Sales taxes,
- Income taxes,
- Other taxes,
- Abatements, and
- Local government fund.

In addition to the indicators presented, clients could also request analysis of specific socioeconomic indicators they desired. For example, Brecksville requested data on the impact of parkland/open space on property values. To allow for trend analysis, the AOS gathered historical data whenever possible.

After assessing the options, the Brecksville team chose to have the AOS populate the following indicators.

1. Population for persons under age 18; age 19-34; age 35-54; age 55-74; age 75 and over.
2. Persons per square mile.

3. Monthly median mortgage.
4. Median owner costs, without mortgage.
5. Total value residential property and data on the potential impact of parkland to property valuation.
6. Owner-occupied versus renter-occupied housing units.
7. Assessed value of business property.
8. Percentage of total land zoned for business and commercial.
9. Number of full-time equivalent employees working in the city by profession.
10. Income data by age brackets.

Along with historical data, projections were developed when possible. Because projections on population and housing could not be located from other agencies, they were developed in consultation with Brecksville team members. Population projections were based on U.S. Census bureau statistics on population trends by age bracket, median income levels, median home values, age of structure, housing development trends and discussions with team members. Housing development projections were based on factors such as the Census statistics on past housing development and age of structure, as well as team discussions on the current city philosophy of controlled development because of Brecksville's inability to grow through annexation.

The data in these projections were not subject to scientific testing, and should only be considered a template for future planning purposes as new socioeconomic data becomes available. However, the team considered the projection figures reasonable for purposes of establishing a template. City officials should monitor and update reports from agencies such as the Census and the Ohio Department of Development Office of Strategic Research to obtain data that may assist in keeping the projection templates current and further improving the reliability and accuracy of the projections.

The following pages describe the result of each request, as well as observations made by the AOS and discussion generated by the city team.

A. Population and Demography

Issues to Look For

Studying changes in population helps governments assess how well they have adjusted service levels. The team also stated this demographic data would be useful in planning for required services and for projecting revenue streams. For example, the 19-34 age cohort would likely represent young families with small children, while 35-54 would reflect families with older children. An aging population will require more specific services, such as retirees looking for recreation opportunities and increasing health care needs. Medical needs and Emergency Medical Service (EMS) usage will be especially amplified in the oldest age bracket.

Observations Made

- Assuming city leaders continue pursuing an aggressive policy of controlled growth, the growth rate of persons per square mile will likely decrease this decade. However, an increase in young families by 2020 could increase this rate (pages 6-7).
- The age bracket under 18 increased by 22 percent between 1990 and 2000. However, given the rapid decline in the 19-34 cohort in the 2000 census, this may likely stabilize (page 7).
- The age 19-34 cohort declined by 34 percent between 1990 and 2000 (page 6). The rapid increase in housing costs (page 12) has likely prevented many young families from moving to the area. The template assumes this decline could stabilize by 2010 as long-time elderly residents vacate older, more affordable structures due to health issues (page 7). City officials should closely monitor trends in property values in its oldest neighborhoods to assess this potential.
- The largest and second-fastest growing population block is age 35-54, which increased by 23.4 percent between 1990 and 2000. By 2010, this age bracket may stabilize or even decline due to the shrinking 19-34 bracket in the 2000 census (page 7). However, if appreciating properties in all neighborhoods prevent a population resurgence in the 19-34 bracket (see previous bullet point), the 35-54 cohort could continue increasing.
- The 55-74 cohort increased by 11.6 percent in the last census, and will likely substantially increase by 2010 due to the large population block aged 35-54 in the 2000 census.(page 7).
- The fastest growing population will likely remain the most elderly, especially given the large population bracket age 55-74 in the 2000 census (page 7).
- Factors that could impact the rate are the rate of retirees relocating to warmer climates, and the rate of elderly residents that move into care facilities out of the city. In 2000, only 12 percent of the city's elderly population were in care facilities.
- In the short-term, it appears many elderly residents will have only moderate income and may require more services. In the long-term, they may be wealthier and likely more self-sufficient (page 25).

Discussion

- The mayor noted in discussions with Brecksville/Broadview Heights schools, that the system's secondary enrollment from Brecksville is climbing significantly. He believes it is due to parents switching from private schools due to education costs.
- The team acknowledged the expected leap in senior population, and noted the city is preparing through strategies such as \$10 million investment in Human Services wing. The mayor wishes to offer more services to aging population to entice them to stay and become part of the social life. The city will also need more ambulance/fire services.

POPULATION AND DEMOGRAPHY

HISTORICAL

Year	Persons	Persons per square mile	Persons per square mile minus parkland, institution property
1990	11,818	604.8	872.8
2000	13,382	684.9	988.3
Average annual percent change, 1990-00	1.3%	1.3%	1.3%
2002 estimate ¹	13,548	693.3	1,000.6
Average annual percent change, 2000-02	0.6%	0.6%	0.6%

Source: U.S. Census Bureau

TEMPLATE PROJECTIONS ²

2010 projection	14,200	726.7	1,048.7
Average annual percent change, 2000-2010	0.6%	0.6%	0.6%
2020 projection	16,400	839.3	1,211.2
Average annual percent change, 2010-2020	1.5%	1.5%	1.5%

Source: Baesd on AOS projection chart, page 7.

¹ Initial Census estimate.

² This projection chart was developed by AOS staff in consultation with the Brecksville PMP team. This table does not employ statistical standards and should be considered as only a template for future planning purposes.

POPULATION PROJECTION TEMPLATE BY AGE BRACKET¹

Age	1990	2000	Percent change from 1990	Age	2010	Percent change from 2000	Assumptions (50 new houses annually)	Age	2020	Percent change from 2010	Assumptions (40 new houses annually)
Under 18	2,613	3,193	22.2%	Under 18	3,000	-6%	Assumes slightly fewer children as development is slowed and population 35-54 shrinks.	Under 18	3,000	0%	Even though age 35-54 continues to shrink, child population may stabilize as young families begin replacing older generation. Assumes oldest housing stock will be more affordable.
18-34	2,225	1,469	-34.0%	18-34	1,500	2%	Although high cost of newer homes may prohibit growth in this bracket, the 19-34 group may stabilize as elderly, long-time residents living in oldest homes moves to care facilities. This assumes these oldest houses will be affordable to young families, which the city should monitor.	18-34	1,700	14%	See above comments. This group may increase slightly as older population leave homes and replaced by young families. This assumes oldest housing stock continues to turn over at affordable price as very aged move into care facilities.
35-54	3,864	4,769	23.4%	35-54	4,400	-8%	May decline because of low population levels from 25-35 in 2000, but partially offset because this will be largest age block buying new houses and used houses of relocating retirees.	35-54	3,900	-11%	This group may decline because of low 25-44 population in 2010. However, this will largely depend on whether property values have allowed the 18-34 age group to re-establish itself in the community.
55-74	2,519	2,812	11.6%	55-74	3,500	25%	Likely significant growth as the large 45-64 block in 2000 shifts over and life expectancy increases. This will be somewhat reduced by wealthier retirees moving out of city to warmer climates. Assumes 500 will retire in warmer climates	55-74	4,800	37%	This will likely increase significantly due to large population 45-64 in 2010. Assumes 500 will retire to warmer climates.
75+	597	1,139	90.8%	75+	1,800	58%	Likely significant growth as the large 65 and over block from 2000 shifts over and life expectancy increases. This may be somewhat offset by aged moving into living assisted living/nursing homes outside of Brecksville. Assuming these people are living in oldest stock, this could open up oppportunities for 18-34 range.	75+	3,000	66%	This group likely sees high growth as the sizable 65 plus block from 2010 shifts over, and life expectancy increases especially for the most aged. The availability of nursing care facilities in Brecksville may impact this growth. Assuming these are long-time, moderate income residents, this could open up housing oppportunities for 18-34 range.
Totals	11,818	13,382	13.2%	Totals	14,200			Totals	16,400		

¹ This table was developed by AOS staff in consultation with Brecksville PMP team members because other agencies have not developed projections specifically for Brecksville. It based on U.S. Census Bureau statistics including population, median home values, median income levels, age of housing stock, and other variables. This table does not employ statistical standards and should be considered as only an approximate template for future planning purposes. For example, it assumes that as the oldest residents living in the oldest housing stock turn over, more affordable housing will be available to younger families than is currently the case. However, even if the oldest housing stock maintains a very high property value, the 18-34 cohort could remain flat or decrease and the turnover impact would be seen in the 35-54 cohort buying these homes instead. The city should revise this template as it gains additional data on these trends.

B. Housing and Geography

Issues to Look For

Tracking density patterns helps determine the potential need for land use policy adjustments. This should include an assessment factoring out the large amount of parkland and institution property to analyze property actually available for development.

Tracking and projecting the growth of housing units will assist in continuing Brecksville's policy of controlled growth, as well as determining current and future property tax revenues. This is critical given the large amount of parkland and the city's inability to annex in the future. The AOS and PMP team developed new housing estimates through 2040 taking into consideration the city's controlled growth philosophy and inability to grow through annexation.

Tracking mortgage costs can help determine the ability of homeowners to assume tax burdens. Likewise, the median owner costs for unmortgaged homes can help gauge the ability of seniors to assume tax burdens. These measures can also indicate the maintenance burden of older housing stock.

Assessing owner vs. rental rates, as well as vacancy rates, helps determine real estate appreciation and housing demand in general. According to a national real estate publication, a low vacancy rate (under 5 percent) is generally a good indicator of future real estate price appreciation, while high vacancy rates tend to indicate an excess supply of rentals. High vacancy rates (7-10 percent) are generally a bad sign for real estate prices. Also, a tightening rental market (as evidenced by increasing rents and low vacancy rate) is a sign that little new housing is being built.

Tracking assessed residential property valuation is a strong indicator of community wealth and future revenue streams from property taxes. This can also indicate the reliance on residential property tax revenues versus business taxes.

Finally, the abundance of parkland likely has a direct impact on residential valuation. The AOS obtained a comprehensive study commissioned by the National Recreation and Park Association (NRPA) on the relationship between parks/open space and residential property values. The 2000 study, entitled *The Impact of Parks and Open Space on Property Values and the Property Tax Base*, actually reviews dozens of prior studies to support its conclusions.

Observations Made

- The building boom of the 1990s has slowed, with only 46 new builds in 2003 compared to an annual average of 80 last decade (page 10).
- The vacancy rate of all housing units was approximately 3.3 percent in both 1990 and 2000. While the homeowner vacancy rate increased from 0.8 percent to 1.1 percent, the rental vacancy rate decreased from 10.2 percent to 4.9 percent. The average household size may decline further by 2010 if home construction continues to increase at a greater rate than population. However, household size may eventually increase given projections on declining development and increasing population by 2020 (page 11).

- Median owner cost with mortgage increased 16 percent from 1989 to 1999, due in part to more expensive homes being constructed (page 12).
- Owner costs without a mortgage, including taxes and utilities, increased 18 percent from 1989 to 1999. At the same time, 726 people were spending more than \$500 a month, which likely include retirees on fixed incomes (page 12).
- The number of homeowners spending more than 35 percent of their household income on monthly owner costs nearly doubled between the 1990 and 2000 censuses, and more than doubled when considering only seniors (pages 12-13).
- The NRPA study found that in 25 prior reviews on the relationship between open space and property values, 20 contained empirical evidence supporting the theory that parks and open space contribute to increasing proximate property values.
- The NRPA study projected, in general, a positive impact of 20 percent on property value abutting or fronting a passive park as a reasonable starting point guideline. It also projected that parkland/open space is likely to have substantial property value impact up to 500 feet away, and up to 2,000 feet away in the case of community sized parks. However, these are general statistics and there were several exceptions noted in the study (see related example, pages 15-17).

Discussion

- The mayor anticipates a housing build-out by 2030-35, assuming 3.1 persons per household.
- The team noted how the recession has not slowed the pace of expensive home construction in Brecksville, with a concern that more people are living beyond their means. This correlates with Census data showing that 600 residents have housing costs that are 35 percent of household income.
- The team contrasted development vision for Brecksville with Broadview Heights, with which it shares a school district. Brecksville is much further along in development and does not anticipate major changes in the future. The team foresees Broadview potentially overdeveloping and questioned the impact this could have on the school system.
- The team stated that while 1,500 homes predate 1960, they are generally well kept. They only foresee losing 30 houses by 2020.
- The team discussed what types of homes seniors would be living in, and the possibility of more “affordable” homes being developed to appeal to empty nesters in the low \$200,000 range.

GEOGRAPHY AND HOUSING

HOUSING UNITS (HISTORICAL)

Year	Total Housing Units	Housing units per square mile	Housing units per square mile (zoned residential only)
1990	4,407	225.5	395.2
2000	5,206	266.4	466.9
Average annual percent change, 1990-2000	1.8%	1.8%	1.8%
2003 ¹	5,390	275.8	483.4
Average annual percent change, 2000-2003	1.1%	1.1%	1.1%

Source: U.S. Census Bureau

¹ Based on number of permits issued, 200-02. Assumes permits issued for homes in 2002 will be completed units in 2003

HOUSING UNITS (PROJECTED)

2010 projection ¹	5,696	291.5	510.9
Average annual percent change, 2000-2010	0.9%	0.9%	0.9%
2020 projection ²	6,076	311.0	544.9
Average annual percent change, 2010-2020	0.7%	0.7%	0.7%
2030 projection ³	6,296	322.2	564.7
Average annual percent change, 2020-2030	0.4%	0.4%	0.4%
2040 projection ⁴	6,356	325.3	570.0
Average annual percent change, 2030-2040	0.1%	0.1%	0.1%

Source: U.S. Census Bureau, Brecksville PMP team on development assumptions

¹ Assumes average 50 new houses per year from 2000-10, with loss of 10 old homes.

² Assumes average 40 new houses per year from 2010-20, with loss of 20 old homes.

³ Assumes average 25 new houses per year from 2020-30, with loss of 30 old homes.

⁴ Assumes average 10 new houses per year from 2030-40, with loss of 40 old homes.

OWNER OCCUPIED VERSUS RENTER OCCUPIED DATA

1990

									Vacancy rate	
Total housing units	Housing units per square mile	Occupied housing units	Owner-occupied units	Renter-occupied units	Average household size of owner-occupied	Average household size of renter-occupied	Vacant housing units	Vacant units for seasonal, recreational use	Home-owner	Rental
4,407	225	4,265	3,711	554	2.77	1.89	142	12	0.8	10.2

Source: U.S. Census Bureau

2000

									Vacancy rate	
Total housing units	Housing units per square mile	Occupied housing units	Owner-occupied units	Renter-occupied units	Average household size of owner-occupied	Average household size of renter-occupied	Vacant housing units	Vacant units for seasonal, recreational use	Home-owner	Rental
5,206	266	5,033	4,449	584	2.64	1.84	173	29	1.1	4.9

Source: U.S. Census Bureau

2010

<i>Assumes housing grows of 0.9% annually</i>		<i>Assumes 3.3% overall vacancy rate of 2000</i>	<i>Assumes 88% of occupied units are owned by resident (2000 level)</i>	<i>Assumes 12% of occupied units are rented (2000 level)</i>	<i>Assumes popul. grows at 0.6% annually</i>	<i>Assumes popul. grows at 0.6% annually.</i>				
Total housing units	Housing units per square mile	Occupied housing units	Owner-occupied units	Renter-occupied units	Average household size of owner-occupied	Average household size of renter-occupied				
5,696	292	5,514	4,852	662	2.57	1.72				

Source: U.S. Census Bureau, AOS template population projections (page 7) and housing projections (page 10)

2020

<i>Assumes housing grows at 0.7% annually</i>		<i>Assumes 3.3% overall vacancy rate of 2000</i>	<i>Assumes 88% of occupied units are owned by resident (2000 level)</i>	<i>Assumes 12% of occupied units are rented (2000 level)</i>	<i>Assumes popul. grows at 1.5% annually</i>	<i>Assumes popul. grows at 1.5% annually.</i>				
Total housing units	Housing units per square mile	Occupied housing units	Owner-occupied units	Renter-occupied units	Average household size of owner-occupied	Average household size of renter-occupied				
6,076	311	5,876	5,171	705	2.77	1.86				

Source: U.S. Census Bureau, AOS template population projections (page 7) and housing projections (page 10)

HOUSING COST DATA

MORTGAGE STATUS AND SELECTED MONTHLY OWNER COSTS

2000	
With a mortgage	2,599
Less than \$300	0
\$300 to \$499	12
\$500 to \$699	77
\$700 to \$999	245
\$1,000 to \$1,499	689
\$1,500 to \$1,999	836
\$2,000 or more	740
Median (dollars)	1,647
Without a mortgage	1,387
Less than \$100	0
\$100 to \$149	6
\$150 to \$199	0
\$200 to \$249	6
\$250 to \$299	15
\$300 to \$399	207
\$400 to \$499	427
\$500 to \$699	433
\$700 or more	293
Median (dollars)	514

1990	
With a mortgage	2,278
Less than \$300	6
\$300 to \$499	66
\$500 to \$699	287
\$700 to \$999	656
\$1,000 to \$1,499	734
\$1,500 to \$1,999	326
\$2,000 or more	203
Median (dollars)	1,065
Not mortgaged	970
Less than \$100	0
\$100 to \$199	26
\$200 to \$299	238
\$300 to \$399	487
\$400 or more	219
Median (dollars)	336

Source: U.S. Census Bureau

MEDIAN OWNER COSTS

With mortgage, 1999	\$1,583
1989 (inflated)	\$1,361
Percent change	16.3%

Without mortgage, 1999	\$506
1989 (inflated)	\$429
Percent change	17.9%

Source: U.S. Census Bureau

SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME

1999	
Less than 15 percent	1,513
15 to 19 percent	646
20 to 24 percent	582
25 to 29 percent	443
30 to 34 percent	184
35 percent or more	600
Not computed	18

1989	
Less than 20 percent	1,870
20 to 24 percent	478
25 to 29 percent	355
30 to 34 percent	159
35 percent or more	379
Not computed	7

Source: U.S. Census Bureau

HOUSING COST AND VALUATION DATA

AGE OF HOUSEHOLDER BY SELECTED MONTHLY OWNER COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME

2000

Householder 15 to 64 years:	
Less than 20 percent	1475
20 to 24 percent	450
25 to 29 percent	380
30 to 34 percent	341
35 percent or more	398
Not computed	12

1990

15 to 64 years:	
Less than 20 percent	1394
20 to 24 percent	421
25 to 29 percent	300
30 to 34 percent	146
35 percent or more	285
Not computed	7

Householder 65 to 74 years:	
Less than 20 percent	684
20 to 24 percent	132
25 to 29 percent	63
30 to 34 percent	52
35 percent or more	202
Not computed	6

65 years and over:	
Less than 20 percent	476
20 to 24 percent	57
25 to 29 percent	55
30 to 34 percent	13
35 percent or more	94
Not computed	0

Source: U.S. Census Bureau

ASSESSED VALUE OF RESIDENTIAL PROPERTY

	Valuation (000s)	Percent increase from 1996
2002	\$390,751	35.7%
1999	\$325,010	12.9%
1996	\$288,001	NA

Source: Ohio Department of Taxation, Tax Analysis Division

2000 VALUE OF SPECIFIED OWNER-OCCUPIED HOUSING UNITS

Value	Number	Percent
Less than \$10,000	0	0
\$10,000 to \$14,999	6	0.2
\$15,000 to \$19,999	0	0
\$20,000 to \$24,999	0	0
\$25,000 to \$29,999	0	0
\$30,000 to \$34,999	0	0
\$35,000 to \$39,999	0	0
\$40,000 to \$49,999	0	0
\$50,000 to \$59,999	7	0.2
\$60,000 to \$69,999	7	0.2
\$70,000 to \$79,999	18	0.5
\$80,000 to \$89,999	6	0.2
\$90,000 to \$99,999	37	0.9

Value	Number	Percent
\$100,000 to \$124,999	169	4.2
\$125,000 to \$149,999	308	7.7
\$150,000 to \$174,999	562	14.1
\$175,000 to \$199,999	588	14.8
\$200,000 to \$249,999	904	22.7
\$250,000 to \$299,999	600	15.1
\$300,000 to \$399,999	502	12.6
\$400,000 to \$499,999	149	3.7
\$500,000 to \$749,999	70	1.8
\$750,000 to \$999,999	44	1.1
\$1,000,000 or more	9	0.2
Median (dollars)	215,800	NA

Source: U.S. Census Bureau

Note: Since more than one-quarter of Brecksville's acreage is parkland, the city has a strong interest in the relationship between parks and property values. To assist the city, the AOS obtained a comprehensive study commissioned by the National Recreation and Park Association on this issue. The 2000 report by John L. Crompton, entitled "The Impact of Parks and Open Space on Property Values and the Property Tax Base", is available in its entirety at <http://www.nps.gov/phso/sources/PropertyValue.PDF>. Part of the study, reproduced within the new few pages of this report, presents a formula for calculating the potential fiscal impact.

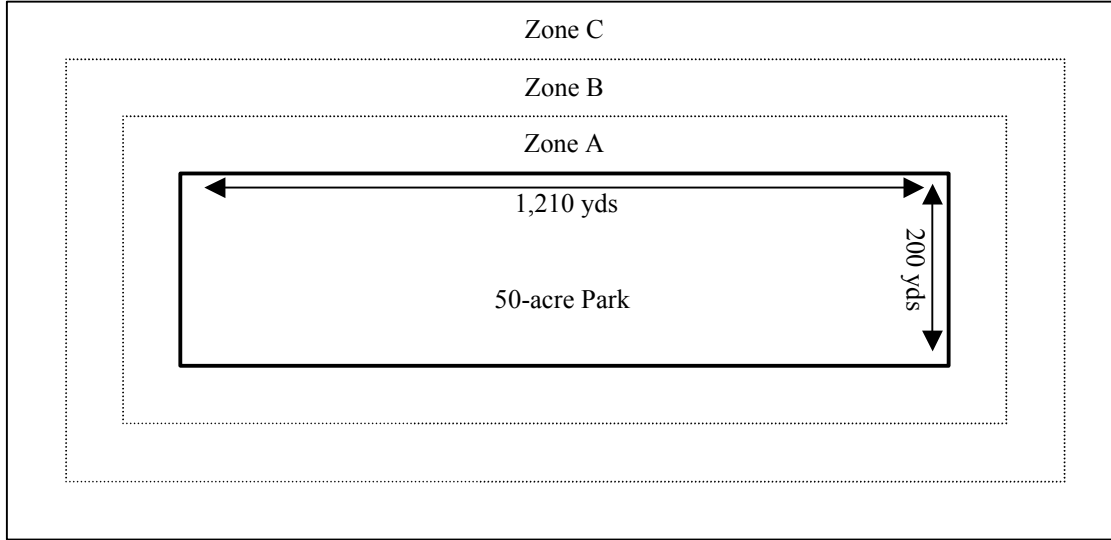


Figure 1-1 Layout of a 50 acre Natural Park and the Proximate Neighborhood Area

A projected annual income stream to service the bond debt was calculated as follows:

- If properties around the park are 2,000sq ft homes on half-acre lots (40 yd x 60 yd) with 40 yd frontages on the park, then there would be 70 lots in Zone A (30 lots along each of the 1,210 yd perimeters and 5 lots along each of the 200 yd perimeters).
- Assume total property taxes payable to city, county, and school district are 2% of the market value of the property.
- Assume the market value of similar properties elsewhere in the jurisdiction beyond the immediate influence of this park is \$200,000.
- Assume the desire to live close to a large natural park creates a willingness to pay a premium of 20% for properties in Zone A; 10% in Zone B; and 5%, in Zone C, and that there are also 70 lots in Zones B and C.

Table 1-1 shows that, given the above assumptions, the annual incremental property tax payments in the three zones from the premiums attributable to the presence of the park amount to \$98,000. This is sufficient to pay the \$90,000 annual bond debt charges.

The flows of this investment cycle are shown in Figure 1-2: (i) the council invests \$90,000 a year for 20 years (annual debt charges on a \$1 million bond) to construct or renovate a park; (ii) which causes the values of properties proximate to the park to increase; (iii) leading to higher taxes paid by the proximate property owners to the council; (iv) that are sufficient to fully reimburse the \$90,000 annual financial investment made by the council.

There are three additional points worth noting which may further strengthen the economic case. First, this illustration assumes no state or federal grants are available to aid in the park's acquisition and development. If they were available to reduce the community's capital outlay, then the incremental property tax

Source: "The Impact of Parks and Open Space and Property Values and the Property Tax Base," sponsored by the National Recreation and Park Association (2000)

Table 1-1 Property Taxes Pay the Annual Debt for Acquisitions and the Development of the Park

Zone	Market value of each home	Incremental value attributed to the park	Total property taxes at 2%	Incremental property taxes attributed to the park	Aggregate amount of property tax increments given 70 home sites
Outside the park's influence	\$200,000	\$0	\$4,000	\$0	\$0
A (20% premium)	\$240,000	\$40,000	\$4,800	\$800	\$56,000
B (10% premium)	\$220,000	\$20,000	\$4,400	\$400	\$28,000
C (5% premium)	\$210,000	\$10,000	\$4,200	\$200	<u>\$14,000</u>
					\$98,000

income stream would greatly exceed that required to service the debt payments. Second, the incremental property tax income will continue to accrue to the community after the 20-year period during which the debt charges will be repaid, at which time the net return to the community will be substantially enhanced.

Third, there is evidence to suggest that investment in parks affects the comparative advantage of a community in attracting future businesses and desirable residential relocators such as retirees. However, the proximate capitalization approach does not capture the secondary economic benefits attributable to park provision that accrue from such sources.

Finally, a park of the size shown in Figure 1-1 is likely to improve the quality of life and, thus, have some economic value to urban residents living beyond Zone C. In all the studies reviewed, the capitalization of benefits ceased at a selected distance, usually somewhere between 500 feet and 3000 feet away from the park perimeter in urban contexts. However, it is unlikely that park users and beneficiaries will be restricted only to those individuals lo-

cated within such a narrowly defined service area. The underestimation of economic benefit that occurs because some park users live outside a specified perimeter was demonstrated in a study of four parks containing a total of 219 acres in Worcester, Massachusetts. The parks' zones of influence were terminated at 2000 feet because the influence of the parks could not be clearly separated from numerous other elements influencing property values beyond that distance. However, when on-site interviews in the parks were conducted, it was found that between 51% and 75% of the parks' users lived beyond the 2000-foot radius cut-off. The benefits accruing to these users were not represented in the economic benefit capitalization calculations.

A determining factor of the magnitude of a park's impact on the property tax base is the extent of the park's circumference or edge. If a 100 acre park is circular in shape, then it has a relatively small circumference. If the 100 acres is distributed more linearly, then the amount of edge increases substantially.

Source: "The Impact of Parks and Open Space on Property Values and the Property Tax Base," sponsored by the National Recreation and Park Association (2000)

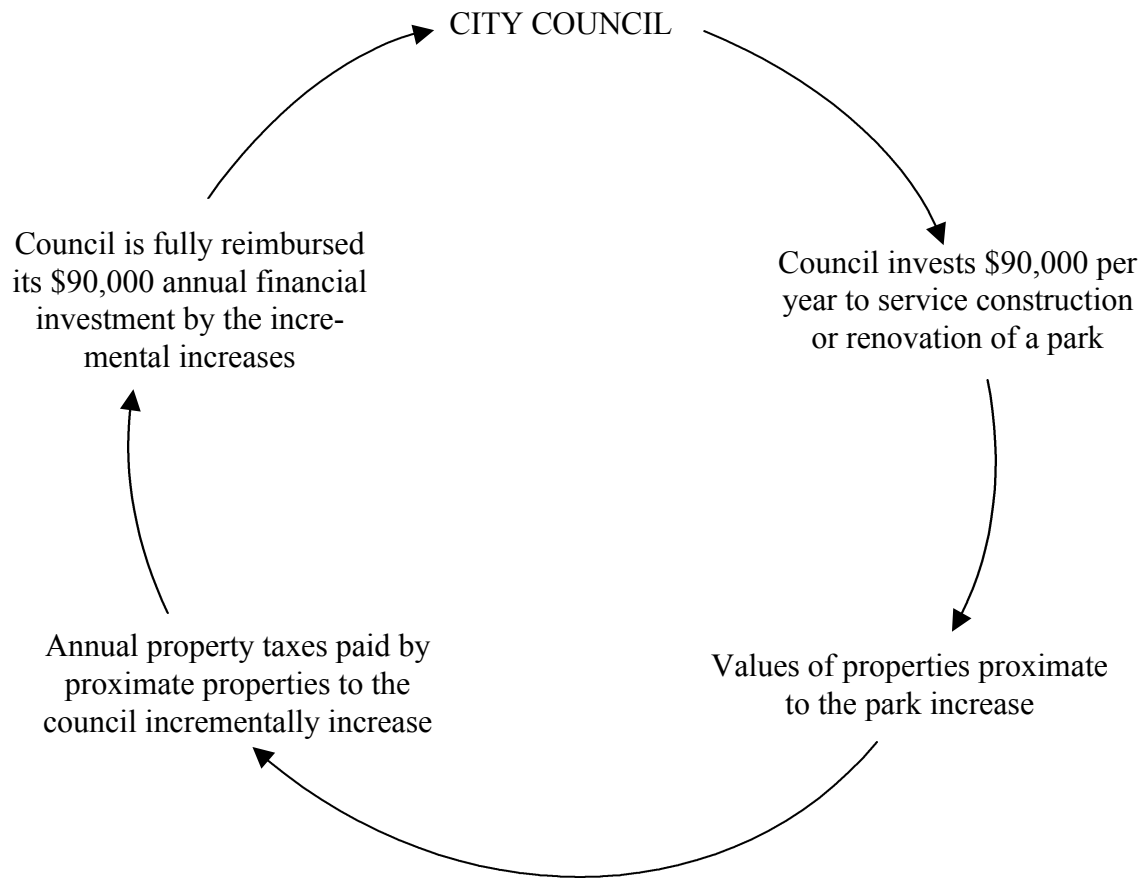


Figure 1-2 The Investment Cycle Associated with a Local Government's Investment in a Park

C. Local Business Climate

Issues to Look For

Tracking the value of business property helps indicate the health of the local economy and employment opportunities. Comparing trends in business against residential valuation helps indicate what will drive future revenue streams. This is especially important given rapid declines in recent years of business tangible property due to utility deregulation and the phase-out of the tangible personal property tax on inventories by the Legislature.

Tracking the percentage of total land zoned for commercial and industrial use is important for determining the extent of business development that can be done. For example, Brecksville fully developed its downtown retail area in 2002 with the opening of the city's third shopping plaza.

Observations

- Commercial valuation has increased by 52.3 percent from 1996 to 2002, and increased from 13.1 percent of all real valuation to 14.4 percent. Industrial valuation as a percentage of all real property remained constant at 3.8 percent (page 19).
- Tangible personal property valuation has fluctuated in recent years, but the revenue may start decreasing more rapidly due to legislative changes to accelerate the inventory phase-out (page 19).
- It appears public utility tangible valuation has stabilized in 2002 after a rapid drop from deregulation (page 20).
- Less than 10 percent of land is zoned for business use. The city has dual usage (commercial or industrial) zones (page 20).
- Although Brecksville has much more area zoned for industrial, the majority of valuation comes from commercial (page 20).

Discussion

- The team discussed the lack of industrial businesses in the city, and the potential benefit of luring more manufacturing. However, warehousing is not attractive to the city. One member noted he would like to lure more office parks and workers with high salaries.

BUSINESS CLIMATE
ASSESSED VALUATION OF BUSINESS PROPERTY

ALL BUSINESS PROPERTY (REAL AND TANGIBLE)

Year	Valuation (000s)	Percent increase to 2002
2002	\$136,111	NA
1999	\$118,907	14.5%
1996	\$109,393	24.4%

Source: Ohio Department of Taxation, Tax Analysis Division

COMMERICAL PROPERTY

Year	Valuation (000s)	Percent increase to 2002	As a percentage of all real property
2002	\$69,139	NA	14.4%
1999	\$52,227	32.4%	13.3%
1996	\$45,407	52.3%	13.1%

Source: Ohio Department of Taxation, Tax Analysis Division

INDUSTRIAL PROPERTY

Year	Valuation (000s)	Percent increase to 2002	As a percentage of all real property
2002	\$18,397	NA	3.8%
1999	\$14,266	29.0%	3.6%
1996	\$13,275	38.6%	3.8%

Source: Ohio Department of Taxation, Tax Analysis Division

TANGIBLE PERSONAL PROPERTY

Year	Valuation (000s)	Percent change to 2002
2002	\$27,590	NA
2001	\$28,056	-1.7%
2000	\$25,291	9.1%
1999	\$26,191	5.3%
1998	\$25,999	6.1%
1997	\$30,374	-9.2%
1996	\$24,868	10.9%

Source: Ohio Department of Taxation, Tax Analysis Division

PUBLIC UTILITY TANGIBLE PROPERTY

Year	Valuation (000s)	Percent change to 2002
2002	\$20,984	NA
2001	\$21,669	-3.2%
2000	\$33,448	-37.3%
1999	\$26,223	-20.0%
1998	\$35,334	-40.6%
1997	\$35,441	-40.8%
1996	\$25,843	-18.8%

Source: Ohio Department of Taxation, Tax Analysis Division

LAND USE BY ZONING CATEGORY

Land use	Square Miles	Percent
Residential	11.15	58.5%
Park/Recreation	4.89	25.6%
Institutional	1.11	5.8%
Industrial	0.97	5.1%
Commercial/Industrial	0.58	3.0%
Commercial	0.32	1.7%
No code available	0.05	0.3%

Source: Northeast Ohio Areawide Coordinating Agency (NOACA), 1999 survey of municipalities. The Brecksville Building Department confirmed that zoning percentages have not changed since publication of this survey.

¹ Square miles reported on the NOACA zoning survey were approximately 0.5 miles less than that normally reported by the city. NOACA reported this was due to variances in conventional surveying methodologies cities may use to calculate zoning percentages and overall square mileage calculated through Geographic Information System software.

D. Labor Market

Issues to Look For

The North American Industry Classification System (NAICS) is a new method for categorizing employment and wages. It changes the focus from what was produced to how products and services are created. This was necessary because economies and new sectors are created and introduced, such as information technology.

Governments can use NAICS data to determine which private business sectors are emerging in their communities and which may be declining. This information is crucial for planning economic development policies, as well as predicting future service demands and revenue sources.

This data is available via ZIP code, and the Brecksville PMP team noted the 44141 ZIP code is largely contiguous with city lines. The most recent data available from the Census Bureau is 2001. All observations are taken from pages 22-24.

Observations

- Despite the economic downturn in 2001, the number of private employees increased by 5.3 percent from 2000-01, and annual payroll increased by 7 percent. However, the number of actual businesses decreased by 3.6 percent.
- From 1999-2001, the biggest increases in businesses by size occurred within medium-size businesses: 20-49 and 100-249 employees. The number of businesses in these ranges increased 17.1 and 66.7 percent, respectively.
- From 1999-2001, the biggest gains in number of businesses occurred among retail trade (26 percent), finance and insurance (10.6 percent), professional, scientific and technical services (5.2 percent), and arts/recreation (75 percent). The biggest losses occurred among management of companies and enterprises (-22 percent) and health care and social assistance (-18.4 percent).

Team Discussion

N/A

2001 BUSINESS PATTERNS

North American Industry Classification System

Total for ZIP Code 44141 ¹

Number of establishments: 533

First quarter payroll in \$1000: 99,927

Number of employees: 9,473

Annual payroll in \$1000: 391,878

NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE-CLASS

Industry Code Description	Total Estabs	'1-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
Total	533	293	97	60	48	14	15	4	2	0
Mining	1	1	0	0	0	0	0	0	0	0
Utilities	3	0	0	0	2	0	1	0	0	0
Construction	52	38	8	4	0	2	0	0	0	0
Manufacturing	18	7	1	3	3	1	3	0	0	0
Wholesale trade	68	31	14	9	9	3	2	0	0	0
Retail trade	39	20	8	6	3	1	1	0	0	0
Transportation & warehousing	8	4	0	1	1	0	2	0	0	0
Information	15	10	0	1	1	1	0	2	0	0
Finance & insurance	52	36	8	4	1	0	2	0	1	0
Real estate & rental & leasing	20	9	7	2	2	0	0	0	0	0
Professional, scientific & technical services	100	61	13	11	12	1	1	1	0	0
Management of companies & enterprises	7	0	1	2	3	0	0	1	0	0
Admin, support, waste mgt, remediation services	27	16	5	2	2	1	1	0	0	0
Educational services	7	4	2	1	0	0	0	0	0	0
Health care and social assistance	31	19	5	3	2	0	1	0	1	0
Arts, entertainment & recreation	7	6	0	0	0	1	0	0	0	0
Accommodation & food services	28	9	8	4	4	3	0	0	0	0
Other services (except public administration)	44	19	15	7	3	0	0	0	0	0
Auxiliaries (exc corporate, subsidiary)	3	0	2	0	0	0	1	0	0	0
Unclassified establishments	3	3	0	0	0	0	0	0	0	0

Source: U.S. Census Bureau

¹ Most ZIP Codes are derived from the physical location address reported in Census Bureau programs. The Internal Revenue Service provides supplemental address information. Those employers without a fixed location or with an unknown ZIP Code are included under an "Unclassified" category indicated by ZIP Code 99999

2000 BUSINESS PATTERNS

North American Industry Classification System

Total for ZIP Code 44141 ¹

Number of establishments: 553

First quarter payroll in \$1000: 93,357

Number of employees: 8,933

Annual payroll in \$1000: 366,074

NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE-CLASS

	Total Estabs	'1-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
Total	553	310	101	67	38	20	11	5	1	0
Utilities	3	0	0	1	1	0	1	0	0	0
Construction	47	37	5	4	0	1	0	0	0	0
Manufacturing	17	5	0	5	3	1	3	0	0	0
Wholesale trade	72	36	15	9	6	4	2	0	0	0
Retail trade	38	19	7	7	3	1	1	0	0	0
Transportation & warehousing	7	3	0	1	0	3	0	0	0	0
Information	15	9	1	1	1	1	0	2	0	0
Finance & insurance	52	34	9	6	0	1	1	0	1	0
Real estate & rental & leasing	20	10	7	1	2	0	0	0	0	0
Professional, scientific & technical services	109	70	16	10	10	1	1	1	0	0
Management of companies & enterprises	9	1	1	3	2	1	0	1	0	0
Admin, support, waste mgt, remediation services	28	18	6	1	1	1	1	0	0	0
Educational services	8	4	2	2	0	0	0	0	0	0
Health care and social assistance	33	19	7	3	2	1	0	1	0	0
Arts, entertainment & recreation	4	4	0	0	0	0	0	0	0	0
Accommodation & food services	30	9	8	5	5	3	0	0	0	0
Other services (except public administration)	51	24	16	8	2	1	0	0	0	0
Auxiliaries (exc corporate, subsidiary)	2	1	0	0	0	0	1	0	0	0
Unclassified establishments	8	7	1	0	0	0	0	0	0	0

Source: U.S. Census Bureau

¹ Most ZIP Codes are derived from the physical location address reported in Census Bureau programs. The Internal Revenue Service provides supplemental address information. Those employers without a fixed location or with an unknown ZIP Code are included under an "Unclassified" category indicated by ZIP Code 99999

1999 BUSINESS PATTERNS

North American Industry Classification System

Total for ZIP Code 44141 ¹

Number of establishments: 526

First quarter payroll in \$1000: 85,308

Number of employees: 8,955

Annual payroll in \$1000: 356,986

NUMBER OF ESTABLISHMENTS BY EMPLOYMENT CLASS-SIZE

Industry Code Description	Total Estabs	'1-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
Total	526	287	100	67	41	15	9	4	3	0
Utilities	2	1	0	0	1	0	0	0	0	0
Construction	51	38	7	2	3	1	0	0	0	0
Manufacturing	18	5	0	5	4	1	3	0	0	0
Wholesale trade	69	34	16	10	5	2	1	1	0	0
Retail trade	31	14	7	5	2	2	1	0	0	0
Transportation & warehousing	6	2	0	1	1	1	1	0	0	0
Information	15	9	1	2	0	1	0	2	0	0
Finance & insurance	47	33	8	4	1	0	0	0	1	0
Real estate & rental & leasing	21	10	7	3	1	0	0	0	0	0
Professional, scientific & technical services	95	58	13	10	8	2	2	1	1	0
Management of companies & enterprises	9	1	1	2	4	0	0	0	1	0
Admin, support, waste mgt, remediation services	28	16	7	1	3	0	1	0	0	0
Educational services	8	4	3	1	0	0	0	0	0	0
Health care and social assistance	38	22	7	7	2	0	0	0	0	0
Arts, entertainment & recreation	4	4	0	0	0	0	0	0	0	0
Accommodation & food services	26	7	6	6	4	3	0	0	0	0
Other services (except public administration)	50	22	17	8	2	1	0	0	0	0
Auxiliaries (exc corporate, subsidiary)	2	1	0	0	0	1	0	0	0	0
Unclassified establishments	6	6	0	0	0	0	0	0	0	0

Source: U.S. Census Bureau

¹ Most ZIP Codes are derived from the physical location address reported in Census Bureau programs. The Internal Revenue Service provides supplemental address information. Those employers without a fixed location or with an unknown ZIP Code are included under an "Unclassified" category indicated by ZIP Code 99999

E. Personal Finance

Issues to Look For

Tracking personal income helps gauge the ability of a population to pay new taxes if warranted, as well the degree of service demands. This is especially true when tracking income levels by age groups, such as seniors who may demand more services but have limited ability to assume new tax burdens. Analyzing income according to families, households and per capita also helps tell how fast incomes are rising in comparison to overall population growth.

The following data is based on the Census Bureau's measure of money income. Money income consists of income in cash and its equivalents that is received by individuals, and includes personal contributions for social insurance, retirement income from government employee retirement plans and from private pensions and annuities, and income from interpersonal transfers (e.g. child support). It excludes employer contributions to government employee retirement plans and to private health and pension funds, lump-sum payments except those received as part of earnings and certain government payments (e.g., Medicaid, Medicare, and food stamps).

The charts on pages 28-30 compare income data between 1989 and 1999 in actual dollars. Some of the observations indexed certain pieces of 1989 data to 1999 inflation by employing a multiplier of 1.34 as reported in the Consumer Price Index.

Observations

- Even when adjusted for inflation, income per capita, family and household income increased 15.0 percent, 10.6 percent and 9.9 percent, respectively, between 1989 and 1999 (page 26).
- Brecksville's median household income was \$76,159 in 1999. However, median household income in the 65-74 and over-75 age cohorts are 29 and 57 percent less, respectively, than the total household median income (page 27). This could be a concern especially when considering increasing housing costs (page 13).
- The median income of elderly female householders living alone was \$28,138 in 1990 (page 28). There were 381 women in this category in 2000, and this group could present increasing service demands as the elderly population increases (page 7).
- In comparing income by age bracket between 1989 and 1999, there is new wealth in all brackets. For example, there were 1,703 householders reporting incomes over \$100,000 in 1999 compared to only 1,254 in 1989 when indexed for inflation, which therefore includes households reporting incomes over \$75,000 in 1989 (pages 28-30).
- The number of senior householders reporting incomes below \$20,000 increased from 201 in 1989 to 216 in 1999 when indexed for inflation, which therefore includes households reporting incomes below \$15,000 in 1989 (page 30). This is especially prevalent for seniors over 75 reporting incomes below \$20,000, which increased 43 percent (indexed for inflation, page 30).

Discussion

- A team member mentioned how median income levels start dropping off after 55, which could be a sign of more people retiring early.

**PERSONAL FINANCE
MEDIAN INCOME INDICATORS**

PER CAPITA INCOME

	1989 (Inflated)	Percent change	Female to male earnings
1999	\$32,909	15.0	0.61
	\$37,838		

Source: U.S. Census Bureau

HOUSEHOLD INCOME ¹

2000 Census		1990 Census		Percent Change	
Total households	1999 Median income	Total households	1989 Median income (inflated)	Total households	Median income
5,016	\$76,159	4,296	\$69,301	16.8	9.9

Source: U.S. Census Bureau

¹ A household includes all the people who occupy a housing unit as their usual place of residence.

FAMILY INCOME ²

2000 Census		1990 Census		Percent Change	
Total families	1999 Median income	Total families	1989 Median income (inflated)	Total families	Median income
3,759	\$86,848	3,371	\$78,539	11.5	10.6

Source: U.S. Census Bureau

² A family is defined as a group of two or more people who reside together and are related by birth, marriage or adoption. All the people in a household who are related to the person in whose name the home is owned or rented are regarded as members of his or her family.

INCOME INDICATORS

MEDAN HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER, 1999

All householders	\$76,159
Householder under 25 years	\$52,829
Householder 25 to 34 years	\$84,208
Householder 35 to 44 years	\$86,525
Householder 45 to 54 years	\$92,982
Householder 55 to 64 years	\$85,761
Householder 65 to 74 years	\$54,167
Householder 75 years and over	\$32,596

Source: U.S. Census Bureau

AGGREGATE HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER, 1999

Aggregate household income in 1999:	\$493,431,200
Householder under 25 years	\$3,505,000
Householder 25 to 34 years	\$29,677,400
Householder 35 to 44 years	\$129,231,500
Householder 45 to 54 years	\$163,264,700
Householder 55 to 64 years	\$88,040,000
Householder 65 to 74 years	\$48,734,000
Householder 75 years and over	\$30,978,500

Source: U.S. Census Bureau

FAMILY HOUSEHOLD MEDIAN INCOME, 1999 ¹

All families	\$86,848
With own children under 18 years	\$94,836
No own children under 18 years	\$79,014
Married-couple families	\$91,435
With own children under 18 years	\$100,431
No own children under 18 years	\$81,558
Female householder, no husband present	\$51,458
With own children under 18 years	\$38,250
No own children under 18 years	\$66,518

Source: U.S. Census Bureau

NONFAMILY HOUSEHOLD MEDIAN INCOME, 1999 ¹

All nonfamily households	\$34,234
Male householder	\$45,294
Male householder living alone	\$39,091
Male householder 65 and over living alone	\$31,071
Female householder	\$29,158
Female householder living alone	\$28,138
Female householder 65 and over living alone	\$23,438

Source: U.S. Census Bureau

¹ Not all households contain families since they may comprise a group of unrelated people or one person living alone.

AGE OF HOUSEHOLDER BY HOUSEHOLD INCOME

UNDER 25 YEARS

1999	Number
Total:	57
Less than \$10,000	10
\$10,000 to \$14,999	9
\$15,000 to \$24,999	0
\$25,000 to \$34,999	7
\$35,000 to \$49,999	0
\$50,000 to \$74,999	19
\$75,000 to \$99,999	0
\$100,000 to \$149,998	0
\$150,000 to \$199,998	12
\$200,000 or more	0

1989	Number
Total:	46
Less than \$10,000	14
\$10,000 to \$14,999	0
\$15,000 to \$24,999	5
\$25,000 to \$34,999	6
\$35,000 to \$49,999	3
\$50,000 to \$74,999	18
\$75,000 to \$99,999	0
\$100,000 or more	0

Source: U.S. Census Bureau

25 TO 34 YEARS

1999	Number
Total:	283
Less than \$10,000	6
\$10,000 to \$14,999	6
\$15,000 to \$24,999	5
\$25,000 to \$34,999	18
\$35,000 to \$49,999	22
\$50,000 to \$74,999	62
\$75,000 to \$99,999	84
\$100,000 to \$149,998	43
\$150,000 to \$199,998	14
\$200,000 or more	26

1989	Number
Total:	478
Less than \$10,000	0
\$10,000 to \$14,999	0
\$15,000 to \$24,999	22
\$25,000 to \$34,999	61
\$35,000 to \$49,999	112
\$50,000 to \$74,999	189
\$75,000 to \$99,999	48
\$100,000 or more	46

Source: U.S. Census Bureau

AGE OF HOUSEHOLDER BY HOUSEHOLD INCOME

35 TO 44 YEARS

1999	Number
Total:	1,220
Less than \$10,000	14
\$10,000 to \$14,999	23
\$15,000 to \$24,999	52
\$25,000 to \$34,999	86
\$35,000 to \$49,999	87
\$50,000 to \$74,999	210
\$75,000 to \$99,999	224
\$100,000 to \$149,998	294
\$150,000 to \$199,998	102
\$200,000 or more	128

1989	Number
Total:	1,208
Less than \$10,000	26
\$10,000 to \$14,999	0
\$15,000 to \$24,999	44
\$25,000 to \$34,999	92
\$35,000 to \$49,999	271
\$50,000 to \$74,999	297
\$75,000 to \$99,999	203
\$100,000 or more	275

Source: U.S. Census Bureau

45 TO 54 YEARS

1999	Number
Total:	1,301
Less than \$10,000	24
\$10,000 to \$14,999	14
\$15,000 to \$24,999	10
\$25,000 to \$34,999	69
\$35,000 to \$49,999	106
\$50,000 to \$74,999	238
\$75,000 to \$99,999	266
\$100,000 to \$149,998	293
\$150,000 to \$199,998	80
\$200,000 or more	201

1989	Number
Total:	875
Less than \$10,000	16
\$10,000 to \$14,999	15
\$15,000 to \$24,999	28
\$25,000 to \$34,999	90
\$35,000 to \$49,999	107
\$50,000 to \$74,999	243
\$75,000 to \$99,999	106
\$100,000 or more	270

Source: U.S. Census Bureau

55 TO 64 YEARS

1999	Number
Total:	799
Less than \$10,000	13
\$10,000 to \$14,999	13
\$15,000 to \$24,999	59
\$25,000 to \$34,999	72
\$35,000 to \$49,999	59
\$50,000 to \$74,999	149
\$75,000 to \$99,999	106
\$100,000 to \$149,998	161
\$150,000 to \$199,998	72
\$200,000 or more	95

1989	Number
Total:	724
Less than \$10,000	26
\$10,000 to \$14,999	43
\$15,000 to \$24,999	37
\$25,000 to \$34,999	70
\$35,000 to \$49,999	106
\$50,000 to \$74,999	181
\$75,000 to \$99,999	152
\$100,000 or more	109

Source: U.S. Census Bureau

AGE OF HOUSEHOLDER BY HOUSEHOLD INCOME

65 TO 74 YEARS:

1999	Number
Total:	690
Less than \$10,000	21
\$10,000 to \$14,999	12
\$15,000 to \$24,999	64
\$25,000 to \$34,999	68
\$35,000 to \$49,999	157
\$50,000 to \$74,999	120
\$75,000 to \$99,999	112
\$100,000 to \$149,998	58
\$150,000 to \$199,998	41
\$200,000 or more	37

1989	Number
Total:	621
Less than \$10,000	26
\$10,000 to \$14,999	69
\$15,000 to \$24,999	110
\$25,000 to \$34,999	140
\$35,000 to \$49,999	98
\$50,000 to \$74,999	134
\$75,000 to \$99,999	29
\$100,000 or more	16

Source: U.S. Census Bureau

75 YEARS AND OVER

1999	Number
Total:	666
Less than \$10,000	41
\$10,000 to \$14,999	56
\$15,000 to \$24,999	119
\$25,000 to \$34,999	142
\$35,000 to \$49,999	76
\$50,000 to \$74,999	122
\$75,000 to \$99,999	64
\$100,000 to \$149,998	32
\$150,000 to \$199,998	0
\$200,000 or more	14

1989	Number
Total:	344
Less than \$10,000	50
\$10,000 to \$14,999	57
\$15,000 to \$24,999	106
\$25,000 to \$34,999	46
\$35,000 to \$49,999	44
\$50,000 to \$74,999	41
\$75,000 to \$99,999	0
\$100,000 or more	0

Source: U.S. Census Bureau

Financial Ratios

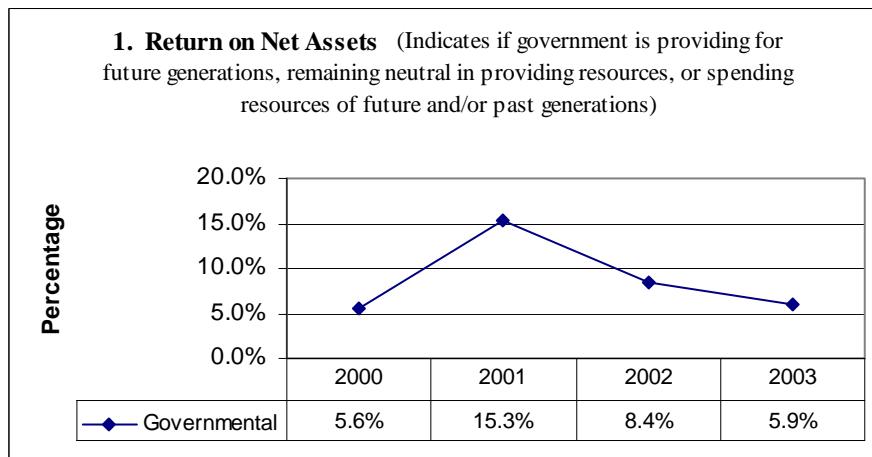
The new financial reporting model known as GASB Statement No. 34 is the most sweeping accounting reform in the history of government accounting. Under the new standard, anyone with an interest in public finance—citizens, the media, bond raters, creditors, legislators, and others—will have more and easier-to-understand information about their governments.

The PMP complemented this innovation by developing 16 ratios, many of which are based on the new GASB statements, to measure financial performance. These ratios fall under the following general categories:

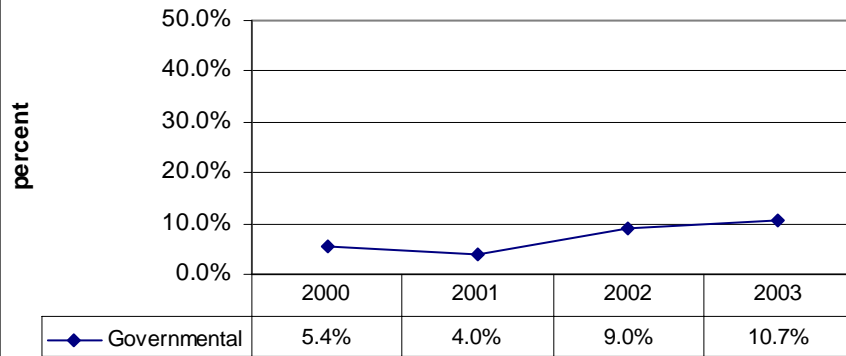
- Financial performance,
- Liquidity,
- Solvency,
- Fiscal capacity,
- Risk, and
- Operational efficiency.

The following charts demonstrate the results of these 16 ratios for Brecksville given financial information from 2000-2003. The team indicated that it would like to focus on the liquidity, risk and operational efficiency ratios for future study.

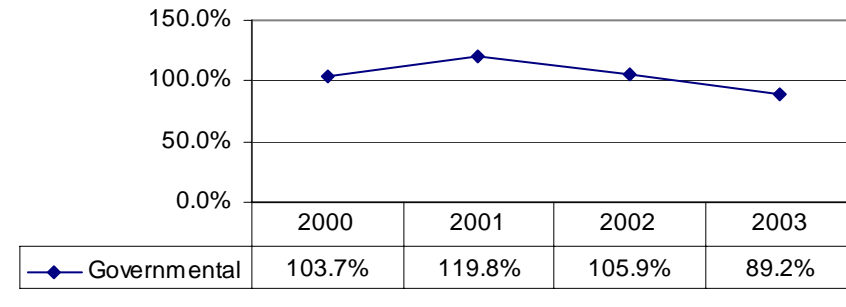
A. Financial Performance



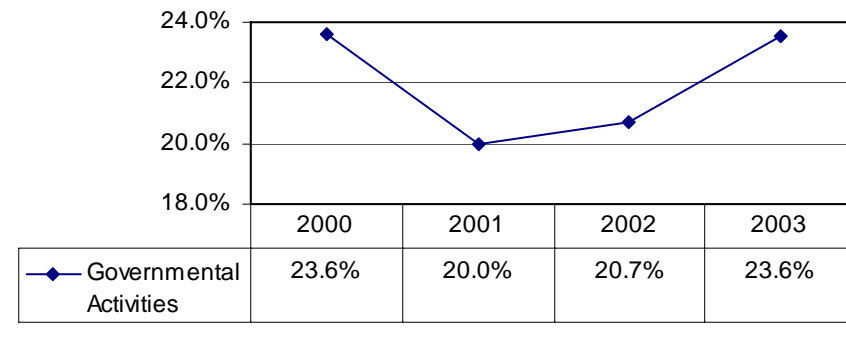
2. Change in Capital Assets (Indicates if government is financially maintaining equipment and infrastructure.)



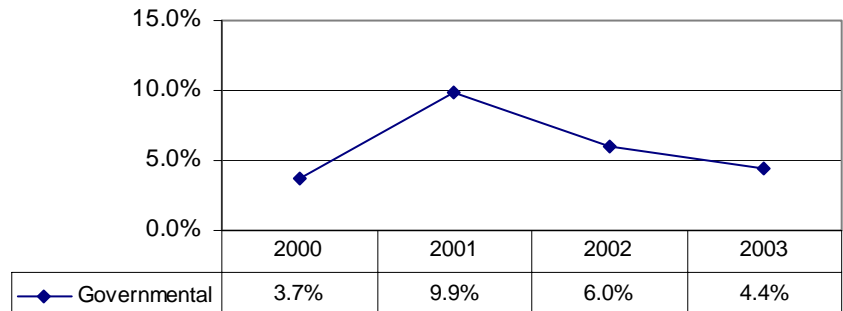
3. General Support Rate (Indicates the dependency on state/federal revenues to deliver services. Percentages reflect the amount of local taxes collected divided by expenses.)



4. Asset Turns per Year (Indicates the time to turn assets into goods or services. 100% equals one year.)

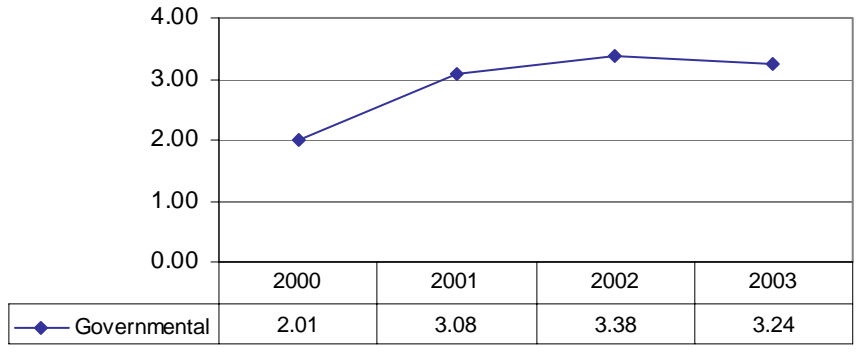


5. Return On Assets (Indicates ability of government to replace assets and/or invest back into operations.)

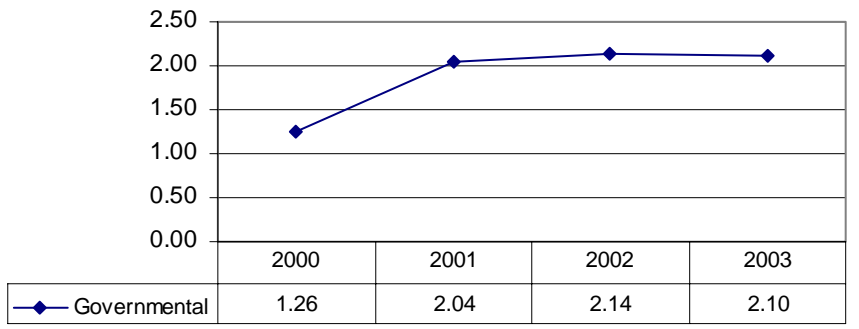


B. Liquidity

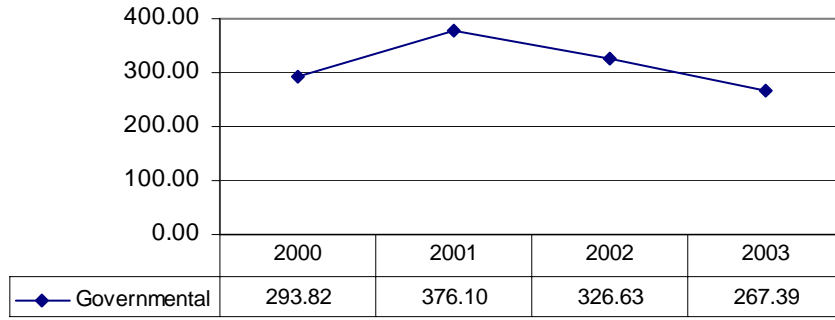
6. Current Ratio (Indicate ability of government to pay current liabilities with current assets.)



7. Quick Ratio (Indicates ability of government to pay current liabilities with cash and investments.)

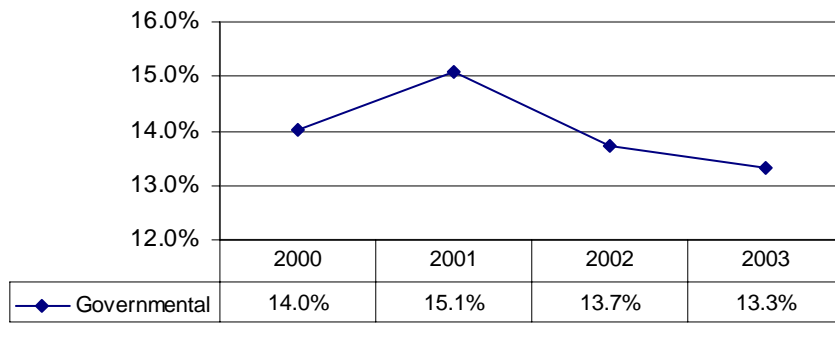


8. Days Cash and Investments in Reserve (Indicates number of days a government could operate with no cash collections.)

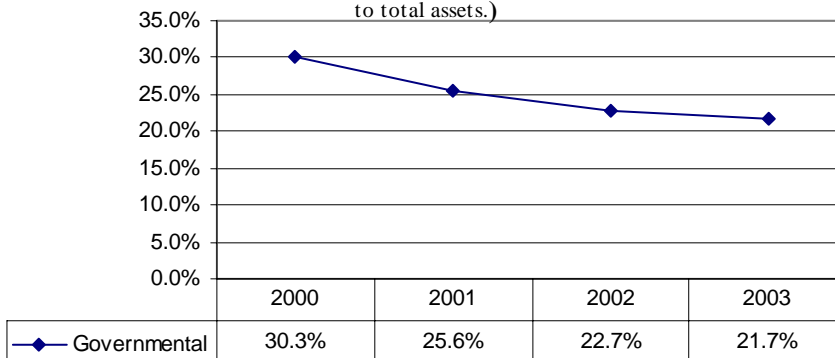


C. Solvency

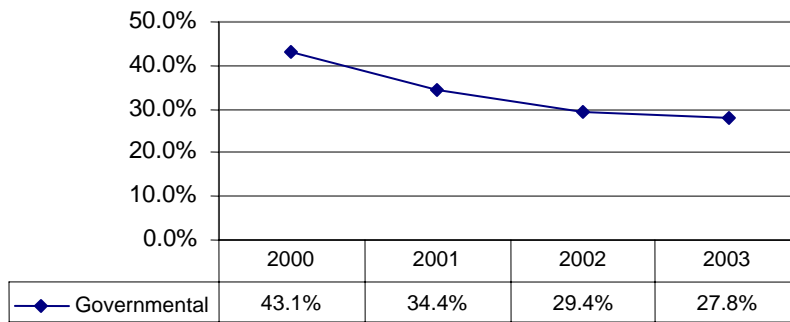
9. Debt to Assets (Indicates the amount of long-term debt compared to total assets.)



10. Liabilities to Assets (Indicates the amount of total debt compared to total assets.)

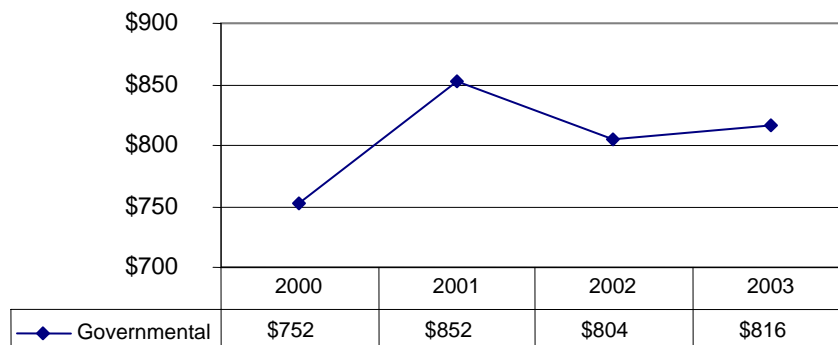


11. Liabilities to Net Assets (Indicates the amount of total liabilities compared to net assets.)

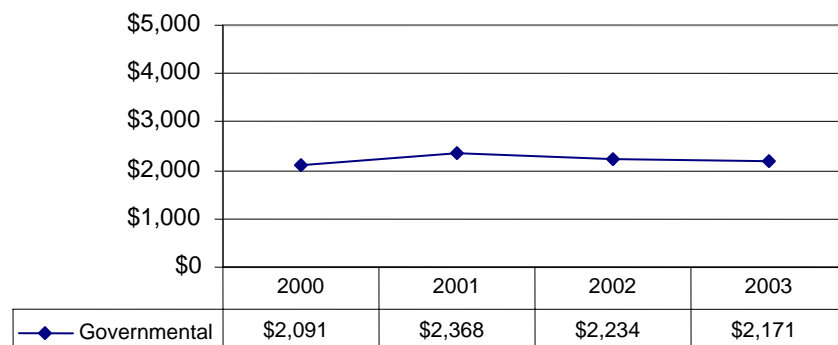


D. Fiscal Capacity

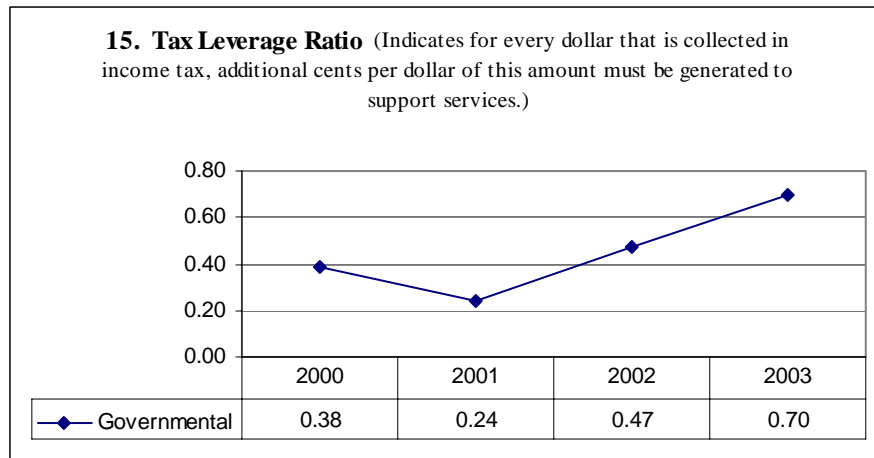
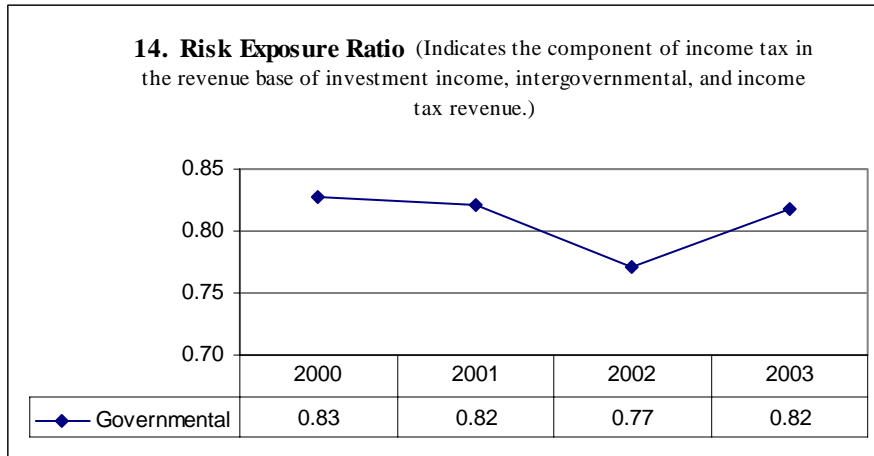
12. Debt per Capita (Indicates government debt per person)



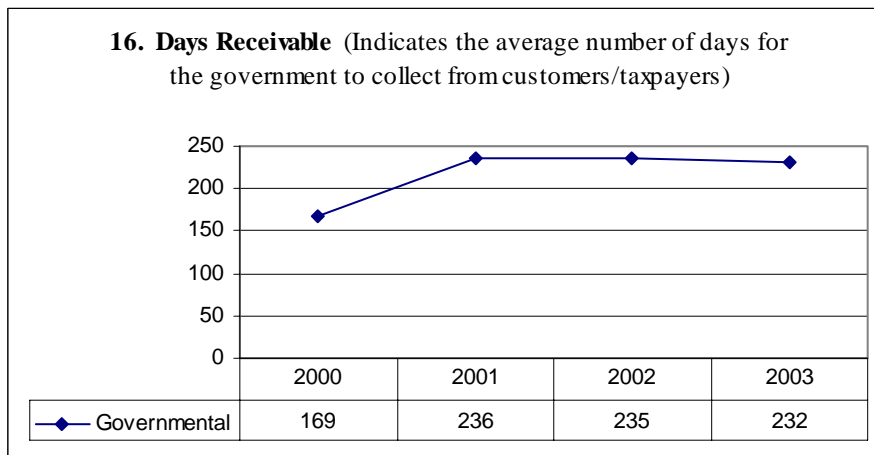
13. Debt per Household (Indicates government debt per household.)



E. Risk



F. Operational Efficiency



Performance Measurement

Areas of Study

The city of Brecksville selected two areas of study for performance measurement: Recreation and Service programs. The Recreation Department manager chose to study staff training and citizen participation in programs. The Service Department manager chose to study citizen participation in service calls and the quality control program for service calls.

A. Recreation Programs

The city selected for testing its staff training outcome: “There will be a safer physical environment by observing at least a 20 percent decrease in recorded incidents from Year 1 to Year 2.” **Table 1**, and **Charts 1** and **2** present the number of reported incidents, training hours, and participation for 2002 and 2003 to determine if the city attained its desired outcome.

Table 1: Incidents Reported, Training Hours, and Participation

	2002	2003	Percentage Change
Medical Incidents	189	111	(41%)
Non-Medial Incidents	16	7	(56%)
Total Incidents	205	118	(42%)
Medical Incidents			
Preventable	60	23	(62%)
Non-Preventable	129	88	(32%)
Total Medical Incidents	189	111	(41%)
Severity of Incidents			
Band-Aid	60	70	17%
Basic First Aid Administered By Recreation Staff	98	32	(67%)
EMS Called But Injury Not Severe Enough To Warrant Transport or The Victim Refused Transport	9	1	(89%)
EMS Advised To Follow Up Care With A Doctor But There Was No Transport	3	2	(33%)
EMS Transported	19	6	(68%)
Total	189	111	(41%)
Participations	94,176	167,292	78%
Incidents per 1,000 Participations	2.18	0.71	(68%)
Training Hours	1,110	1,869	68%
Training Hours per 1,000 Participations	11.79	11.17	(5%)
Staffing Levels – Full-Time Equivalent (FTEs)	27.9	33.2	19%
Training Hours per FTE	39.78	56.30	42%

Source: City of Brecksville Recreation Department

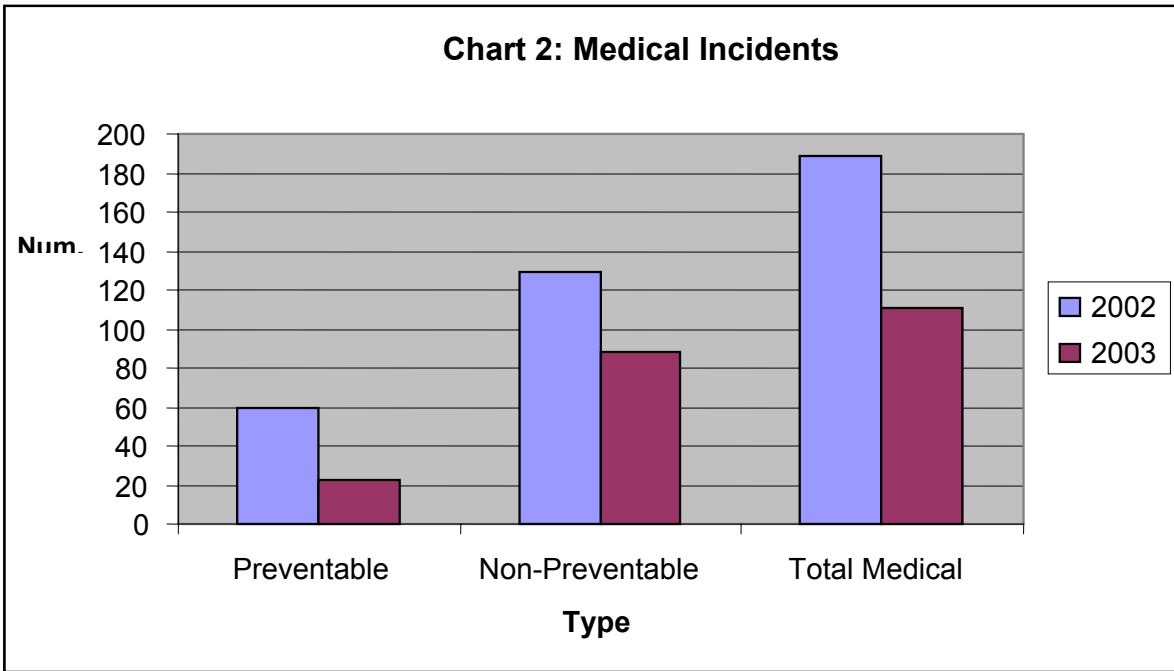
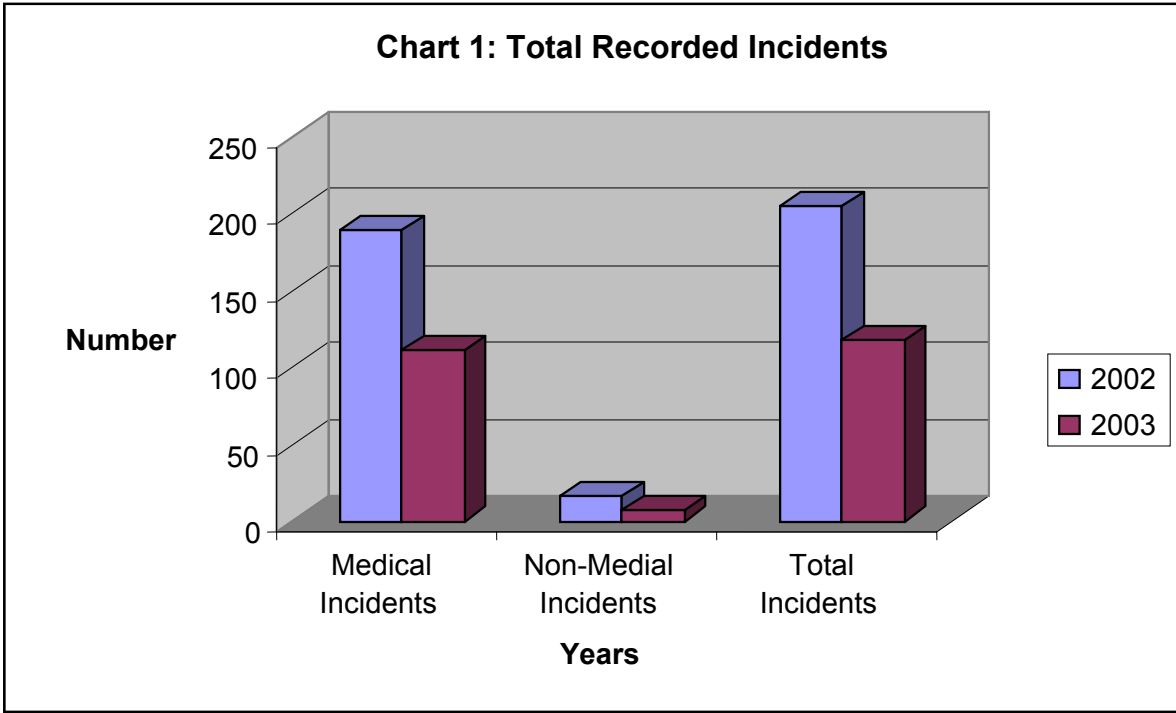


Table 1, and **Charts 1** and **2** illustrate that the Recreation Department was effective in reducing the total number of incidents by 42 percent via increased staff training, thereby providing a safer environment. Effectiveness is also be measured by the 68 percent decrease in incidents per 1,000 participation. While the number of training hours per FTE increased by 42 percent, the number of training hours per participation decreased by 5 percent.

The participation outcome selected by the city for testing is “There will be a 20 percent increase in participation by all age categories of the member population from 2002 to 2003 based on needs and desires expressed in survey of 10/1/02.” The Recreation Department provided the following information.

- The number of programs increased from 147 to 207.
- The number of participants involved in programs increased from 726 to 4,692.
- The number of individual members increased from 5,389 to 6,405.
- The number of household members increased from 2,629 to 3,129.
- The renewal rate was 96 percent.

Table 2: Participations by Age Group

Age Brackets Brecksville	Participations		Percent Change
	2002	2003	
0-2	53	90	70%
3-6	495	1,502	203%
7-12	6581	8,962	36%
13-18	10,367	16,380	58%
19-25	11,521	14,923	30%
26-45	25,781	48,959	90%
46-60	22,211	44,322	100%
60+	17,207	30,629	78%
Total	94,216	165,767	76%
Staffing Levels (FTEs)	27.9	33.2	19%
Participations Per FTE	3,377	4,993	48%

Source: City of Brecksville Recreation Department, City of Brecksville Finance Department, AOS, U.S. Census

Chart 3: Percent Change in Participation by Age Group, 2002-03

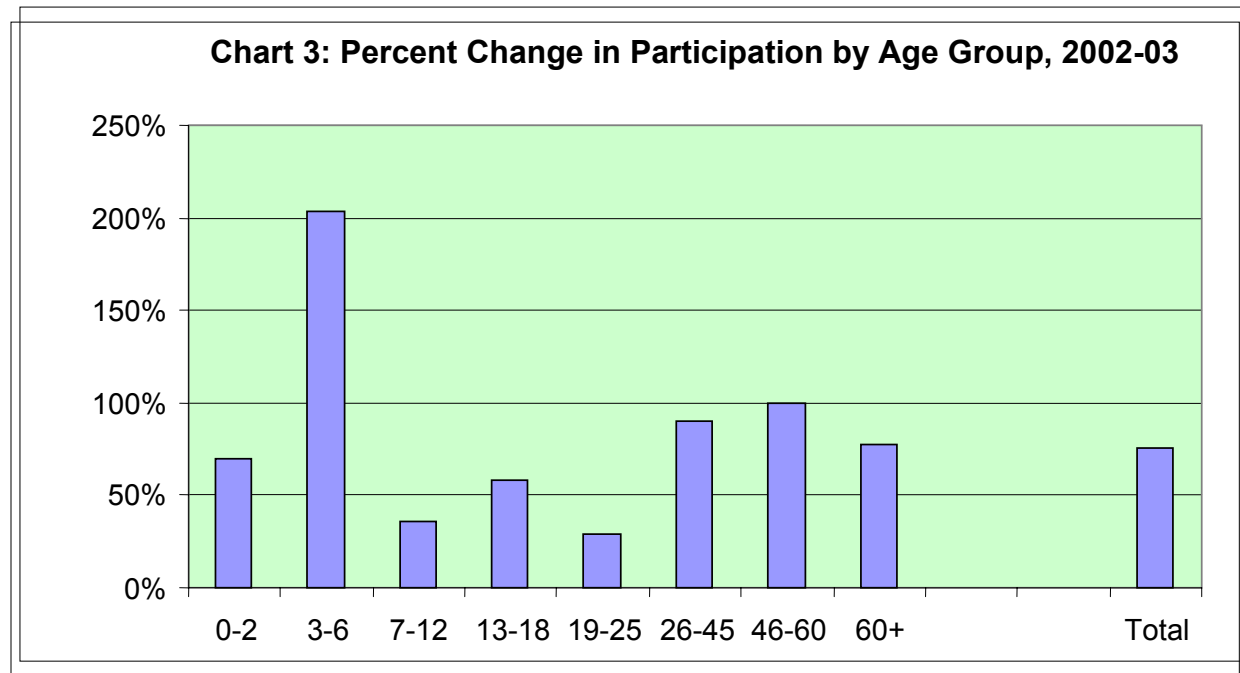


Table 2 and **Chart 3** illustrate that the Recreation Department effectively met the goal of increasing participation by 20 percent in every age category. In fact, the Recreation Department increased total participation by 76 percent in 2003. The participations per FTE demonstrate improved efficiency of the activity, as staff served 48 percent more participations per FTE in 2003 than in 2002.

Recommendation: The Recreation Department should consider a staff-training outcome similar to, “There will be a safe physical environment with no more than X incidents per 1,000 participations with training hours not exceeding Y training hours per FTE and/or participation.” Additionally, the Department should measure the costs of training and responding to incidents in assessing outcomes and the cost-effectiveness of increased training. The Department should also consider a participation outcome similar to “There will be X percent participation by age group with staff not exceeding Y FTE per thousand participations.” Furthermore, the Department should consider tracking data to measure participation for each program, to determine if each program is maximizing participation. For instance, a low program participation level may indicate a low need placed by the community for the related program. The suggested outcomes should provide targets for several years whereas the current outcome measures will need to be changed since an organization with limited population cannot increase or decrease by a fixed percentage per year for an extended period of time.

B. Service Department

The Service Department wanted to measure the positive participation in areas of community aesthetics and quality control of service calls, as shown in **Table 3**.

Table 3: Service Department Phone Log By Years and Type of Service

	1999	2000	2001	2002	2003
Appliance Pickup	895	1,010	987	832	865
Dead Animals	185	298	331	398	356
Rubbish/Recycle	1,104	1,110	1,143	1,154	1,276
Snow Related	241	164	65	190	175
Traffic Signs	134	135	76	172	132
Subtotal	2,559	2,717	2,602	2,746	2,804
Landscaping	248	171	89	156	119
Cemetery	50	65	70	71	86
Street/Roads	326	241	248	274	334
Sewers	163	118	99	121	199
Water Dept.	98	76	52	77	103
Subtotal	885	671	558	699	841
Work Orders	327	270	211	293	364
Percent of Work Orders to Subtotal	36.9%	40.2%	37.8%	41.9%	43.3%
Total Service Calls	3,444	3,388	3,160	3,445	3,645
FTEs	N/A	N/A	N/A	56	57
Calls Per FTE	N/A	N/A	N/A	62	64
Calls per Capita	0.26	0.24	0.26	0.26	0.27
Miscellaneous Calls	996	1,344	1,319	1,114	1,211

Calls for appliance pickup, dead animals, rubbish/recycle, snow-related, and traffic signs account between 74 and 82 percent of all service calls from 1999 to 2003. Calls for service are fairly constant from 1999 to 2003, with slight fluctuations from year to year.

Work orders are a part of the quality control program. Each work order represents a complex job that if not successfully completed, would be detrimental to the quality of life in Brecksville. The number of quality control follow-ups is consistent with the number of landscaping, cemetery, streets and roads, sewer, and water calls. For example, when the calls for these services decreased in 2001, the quality control work orders also decreased. The percentage of work orders (quality control follow up) has remained within a range of 36.9 percent and 43.3 percent over the five years. Calls completed in a timely manner are a measure of effectiveness. For the first six months in 2002, there were approximately 150 work orders issued, and 120 of the 150 work orders were completed within 48 hours. Of the 30 work orders that were not completed, all were waiting for weather conditions. For example, the calls not answered within 48 hours consisted of landscaping calls, calls for curbing, and calls for city property. Calls for

service per staff are an indicator of efficiency. **Table 3** shows that the service calls per staff increased from 62 calls per FTE in 2002 to 64 in 2003.

Miscellaneous calls are calls to the department that are classified in most cases as calls for information not necessitating action by the service department. Calls of this nature have ranged from 996 to 1,344 during the last five years. Lastly, excluding the probability that an individual citizen or a household may call for service more than once a year, the city receives approximately one call for every four citizens or approximately two calls for every three households per year.

Recommendation: The director of service should continue to monitor calls received by the service department. With the communication capabilities within the city of Brecksville, (direct communication with elected officials by the citizenry) a more complex system of monitoring quality control may not prove to be cost effective. If the service director notices a significant unexplained change in work orders, calls for service, or FTEs per call, then the city may consider either a customer survey or customer satisfaction response form to identify the cause of the variance from the expected results, and implement operational changes accordingly.

Conclusion

This report provides the city of Brecksville an opportunity to explore management for results. Its multi-faceted approach allows for high-level, long-term policy analysis through socioeconomic ratios; more in-depth financial ratios to assist in shorter-term decisions; and finally performance measures for the city to annually apply in key operational areas. The AOS appreciates the input and cooperation of Brecksville city officials, employees and community volunteers in assembling this project. These individuals have expressed a true desire to transfer knowledge and information enabling the city to better serve its citizens in an increasingly efficient and effective manner.