



**Auditor of State
Betty Montgomery**

CITY OF TWINSBURG PERFORMANCE AUDIT

OCTOBER 24, 2005



**Auditor of State
Betty Montgomery**

To the Citizens of the City of Twinsburg:

In September, 2004, officials of the City of Twinsburg requested that the Auditor of State complete a performance audit of selected City Departments. The City requested that the performance audit be conducted to provide a resource that could be used in its proactive approach to identifying potential areas for improvement in City operations.

The performance audit contains assessments of the following areas: Human Resources, Income Tax, Public Works-Service, Engineering, and the Fitness Center. The information contained within the report is intended to assist the City in identifying potential cost savings, revenue enhancements, and efficiency improvements. The City is also encouraged to continue to assess overall operations and develop other recommendations independent of this performance audit.

An executive summary has been prepared which includes the project history, objectives and scope, and methodology of the performance audit. The executive summary also includes a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to the City of Twinsburg and its contents have been discussed with members of City Council, the Mayor, and appropriate department management personnel. The City has been encouraged to use 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 toll free at (800) 282-0370. In addition, this performance audit is available online through the Auditor of State's 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

October 24, 2005

Executive Summary

Project History

In September, 2004, the City of Twinsburg (the City) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the following areas:

- Human Resources,
- Income Tax Department,
- Service Department,
- Engineering Department, and
- Fitness Center.

Consistent with Twinsburg's commitment to its residents, the City has been proactive in approaching AOS to complete an independent assessment of these areas to identify efficient and effective practices, and determine potential areas for improvements. The City is encouraged to continue to monitor and assess its operations to identify additional areas for improvements.

Overview of the City of Twinsburg

The City of Twinsburg is located in Summit County in northeastern Ohio and has a population of 17,006. Summit County's unemployment rate was 6.6 percent in March 2005, as reported by the Ohio Department of Jobs and Family Services. This percentage is above the U.S. rate of 5.4 percent, but similar to the Ohio rate of 6.7 percent. According to the 2000 census, Twinsburg's median household income was \$61,638, which is 50.5 percent higher than the state median household income average of \$40,956. In addition, the 2000 census reported an unemployment rate of 1.7 percent for Twinsburg. The City's industrial base consists primarily of manufacturing and trade enterprises.

The City of Twinsburg is a home rule municipal corporation established under the laws of the State of Ohio and operates under its own charter. The current charter, which provides for a mayor-council form of government, was originally adopted on June 25, 1957 and last modified on November 2, 2004. Legislative authority is vested in a seven-member City Council elected by the voters of the City. The Council selects its own president and vice president. The City's chief executive officer, elected by the voters, is the Mayor. The Mayor is responsible for basic City services such as police, fire, streets, parks, and community planning and development. In

addition, the Mayor is responsible for fiscal control of the City's financial resources. Department directors and all appointed officers serve at the pleasure of the Mayor. However, the Director of Finance and the Director of Law must be confirmed by City Council. Members of commissions serve at the pleasure of City Council. Funding for City operations comes primarily from an income tax, and all operations are overseen by City Council through the budgetary process.

The City of Twinsburg was recently recognized in *Cleveland Magazine's* June 2005 "Rating the Suburbs" annual survey. The City was ranked 6th out of 66 suburbs responding to the survey. The survey rankings are based on an evaluation of safety, education, housing, environment, fire services, recreation, and demographics.

Objectives, Scope, and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between November 2004 and May 2005. The primary goal of this performance audit was to provide an independent assessment of current City operations in an effort to improve service delivery, and optimize operational efficiency and effectiveness. The assessments and subsequent recommendations are designed to help the City increase efficiency and maintain its fiscal solvency in the future. By implementing the recommendations contained in this audit, Twinsburg could further bolster its financial standing, increase efficiency in service delivery, enhance planning processes, and strengthen management controls. According to the City administration, Twinsburg's citizens have enjoyed of a high level of service for many years. The City should consider the community's expectations with respect to these high service levels, as well as the adequacy of the current revenue stream to support these services when reviewing the performance audit recommendations.

To complete this report, auditors gathered and assessed data from various areas, conducted interviews with City personnel, and evaluated requested information from the selected peer cities. The cities of Avon Lake, Solon, and Stow were selected as peers based upon reviews of demographic information, and input from City personnel. In addition to Solon, Brecksville and Westlake were selected as peers for the fitness center. Best practice information was used from a variety of sources, including the State Employment Relations Board (SERB), the American Public Works Association (APWA), the International City/County Management Association (ICMA), the Society for Human Resource Management, the American Society for Public Administration, the National Association of Fleet Administrators, and the American Marketing Association.

The performance audit process involved information sharing with members of City Council, the Mayor and department heads, including preliminary drafts of findings about identified audit areas and proposed recommendations. Furthermore, status meetings were held throughout the engagement to inform the City of preliminary findings, recommendations, and key issues

impacting selected audit areas. Throughout the audit process, input from the City was solicited and considered when assessing the selected areas and framing recommendations. In addition, the City provided written comments in response to various recommendations which were taken into consideration in the reporting process. City officials provided a formal response to the audit report following the exit conference and it is appended to this document.

The Auditor of State and staff express appreciation to the City of Twinsburg and the peer cities for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

During the course of this performance audit, several noteworthy accomplishments or best practices were noted. These are outlined below.

Human Resources

- The City's healthcare premium costs are considerably lower than peer premium costs, the SERB average for cities similar in population, and the SERB average for the Akron/Canton region. Single and family premiums are 37.3 percent and 38.5 percent lower than the peer average, respectively; and 24.8 percent and 26.4 percent lower than the SERB average for cities similar in population, respectively. The health plan benefits offered to employees by the City are comparable to peers, with a slightly more generous prescription plan. On the other hand, its benefits for maternity and inpatient hospital care are slightly less generous than the peers. The City credits a local broker for its low healthcare premiums. The broker provides a variety of services free to the City, and the fees are paid by the City's current healthcare provider.

Income Tax

- The Income Tax Department (ITD) has tried to improve some of its enforcement and taxpayer identification methods, despite its minimal staffing levels. For instance, the Income Tax Administrator wrote a letter to the building commissioner asking that contractors and sub-contractors not be allowed to obtain building permits until a tax identification number is on file with the ITD. The Income Tax Administrator began working with the Building Department to establish a list of contractors violating Ordinance 181.07 and has been attempting to enforce collections by not allowing contractors to obtain new permits. Furthermore, ITD has been using the Summit County Auditor's Public Access Web Site (PAWS) to identify new tenants.

- Although the City indicated it has never prosecuted a delinquent tax case in the past, the City contacted Cuyahoga Falls Municipal Court to set aside half of one day each month for the Court to hear and process the City's delinquent tax cases. The City is in the process of finalizing the details of its delinquency prosecution program.

Service Department

- Service Department (SD) overtime expenditures, as a percentage of salaries, were considerably lower than two of the three peers in 2003 and 2004. In addition, Twinsburg SD decreased its overtime expenditures as a percentage of salaries by 53.4 percent from 2003 to 2004, due primarily to an increase in the number of staff per snow plow shift from four to six employees. When the Department had four employees on each snow fall shift, heavy snow accumulation required additional staff to be "called-in." As a result of these "call-ins", Twinsburg SD incurred additional overtime costs.
- Prior to the 2004-2005 winter season, the Service Department implemented measures to reduce salt usage. At the beginning of the winter season, all salt spreaders were calibrated to optimum salt settings. In addition, during the season, foremen were assigned to follow the snow trucks to determine if the correct amount of salt was being dispersed. The foremen also implemented a rating system which classifies the severity of the storm. Based upon the rating of the storm, foremen may instruct snow plow operators to re-calibrate the salt settings on their trucks. As a result of these strategies, Twinsburg used 10,266 total tons of salt during the 2004-05 winter season, representing a 6.3 percent decrease from 2003-04. According to the Public Works Director, this decrease resulted in a cost savings of approximately \$67,000 for the 2004-05 winter season, as of March 17, 2005. The decrease in salt usage would likely have been greater if the snowfall during 2004-05 was similar to 2003-04. For instance, snowfall increased from 91.2 inches in 2003-04 to 105.5 inches in 2004-05 (as of April 4, 2005) in the greater Cleveland area. Snowfall data for Twinsburg was not available.
- Twinsburg SD completes crack sealing more often than any of the peers. As a result, Twinsburg SD is increasing the service life of city roads. According to *usroads.com*, filling or sealing pavement cracks to prevent water from entering the road base helps limit the formation of potholes. It is estimated that crack sealing can extend pavement life by three to five years. When water is kept out, pavement deterioration is slowed. Therefore, an effective crack sealing system can be regarded as an economical maintenance technique which helps to ensure the quality of roads.

Engineering

- According to information reported by the City and peers to the Ohio Public Works Commission, Twinsburg has a large number of roads rated excellent and good within its limits. Of the roads within the City of Twinsburg, 83 percent are in excellent and good condition – 11 percent higher than the peer average. The City’s planning activities, external funding sources, and the number of employees conducting road maintenance activities appear to contribute to the favorable road condition ratings. According to the Municipal Engineer, 35 percent of roads were installed or upgraded within the last 5 years, 34 percent between 5 and 10 years, and 25 percent between 10 and 15 years, which further contributes to the City’s favorable road condition ratings. Additionally, the department receives external funding which consists of Issue 2 funding, motor vehicle permissive tax, and street construction maintenance repair funding for vehicle registration to conduct road maintenance and infrastructure improvements.

Fitness Center

- The Twinsburg Fitness Center (TFC) is spending less to operate than the peers, based on the size of the facility. TFC’s total expenses per population and per square foot are 20.9 and 32.4 percent lower than the peer averages, respectively.
- Overall participants per program and special event increased 6.0 and 7.1 percent in 2004, respectively. This is due, in part, to the TFC Director and program managers eliminating classes with low participation.

Key Recommendations

The performance audit contains a number of recommendations pertaining to City of Twinsburg operations. The following are the key recommendations from the report:

Human Resources

- The City of Twinsburg should consider combining the job duties of the Human Resource Director and the Benefits Administrator/Public Relations Coordinator, thereby enabling it to reduce the Benefits Administrator/Public Relations Coordinator position. This would save approximately \$50,200 annually in salaries and benefits. In addition, the insurance broker should continue to be used to further support the Human Resource Director’s benefit administration duties. The public relations portion of the position should be reassigned and absorbed into another qualified employee’s responsibilities. For example,

the Mayor's secretary in Avon Lake performs public relations duties. By reducing the HR office to 1.0 FTE, the City's HR staff per 10,000 citizens and per 100 city employees are 0.58 and 0.40, respectively, which are still higher than the peers.

- The City of Twinsburg should maintain its current centralized HR department and not redistribute the duties among the department heads. To stay informed and to maintain a proactive approach in addressing the City's human resource issues, the City should consider forming a human resource committee comprised of city council members. This committee should seek active involvement and participation from the City's HR Director. This committee should function in a policy-setting and review capacity, similar to the City's finance committee.
- During future negotiations, the City should consider reducing the sick leave incentive, sick leave paid out at retirement, longevity payments, and the shift differential to be more comparable to the next highest peer. This would be particularly important if the City experiences financial difficulties in the future. Assuming that the City renegotiates the longevity payments for current and future employees to be similar to Avon Lake, it would save approximately \$8,500 annually. Although not readily quantifiable, additional savings could be achieved by reducing the sick leave incentive, sick leave paid out at retirement, and the shift differential.
- The City should monitor and enforce its sick leave policy, and establish guidelines and policies that include prohibitions against "patterns of abuse." Identifying "patterns of abuse" would help department managers reduce excessive sick leave use. The City should consult with its legal counsel to ensure that all required notices and opportunities to dispute abuse claims are addressed as required by applicable laws and/or collective bargaining agreements. Additionally, the City should consider following the American Society for Public Administration's suggestions to effectively manage sick leave abuse. By reducing sick leave by 10.9 hours per employee, and based on Twinsburg's average hourly rate (\$22.72), the City could save \$20,300 in sick leave costs. This savings could be correlated to increased productivity and a potential reduction in overtime costs.

Income Tax

- ITD should review its non-filer accounts to determine if they should file returns and be maintained as active accounts, and subsequently follow up with accounts requiring returns to be filed. ITD should also enforce compliance with the City's mandatory filing requirements. Furthermore, ITD should implement additional measures to improve operations and increase collections, which include the following:

- Hire one additional employee to help identify taxpayers and enforce collections (pursue non-filers and delinquencies), which would cost approximately \$46,000 annually;
- Perform the necessary activities to identify taxpayers, including using the State of Ohio Department of Taxation file costing \$240 annually;
- Actively pursue delinquent accounts and implement uniform procedures for dealing with delinquent accounts;
- Fully use the income tax software to help monitor and track key information, such as delinquent account activity; and
- Require contractors and subcontractors to establish an income tax account prior to obtaining a permit.

By implementing these measures and increasing the rate of returns filed to the peer average, the City could potentially increase its income tax revenue by approximately \$477,000 annually.

- If the City decides to outsource income tax services, it should ensure that the external provider's cost and revenue estimates are accurate and reliable, and attempt to negotiate lower costs. Moreover, the City should question the current proposal's revenue estimate to determine if it accounts for the time lag that may be necessary to maximize collections, and whether collections will actually decrease in the first years with the provider. This is particularly important because the external provider claims to use comprehensive taxpayer identification and enforcement methods, which are assumed to increase collections. The City should also establish a range and scope of services to be provided and include them in the contract to maximize the benefits of contracting with an external provider. In addition, the City should establish an acceptable service level and performance benchmarks (e.g., annual increases in collections) to ensure the provider is delivering efficient and effective services. Finally, the City should assign the responsibilities of monitoring the external provider's performance, overseeing the contract, and acting as the primary contact, to one of its employees.

Service Department

- The Service Department should utilize its Microsoft Access database to track key workload measures and assess performance. As part of this effort, Twinsburg SD should establish and maintain a fully functioning work order system that tracks data for specific functions (e.g., number of potholes patched) and tracks the amount of time employees spend completing activities. This would help to ensure that staffing levels are adequate

and provide Twinsburg SD with management information that can be used to track progress, measure operational efficiency, and determine whether to contract for certain services. In addition, Twinsburg SD should consider not filling its three vacant maintenance positions, which would result in a cost avoidance of approximately \$141,000 annually. Even with three fewer staff, Twinsburg SD would still maintain significantly fewer lane miles per FTE than Solon and Stow. Lastly, if Twinsburg SD again decides to contract for custodial services, it should implement a competitive bidding process to select a contractor and establish acceptable service levels to ensure the contractor delivers quality services. If the City reduces its custodial staff by contracting for custodial services and achieves an average cost per square foot similar to Solon, it would save approximately \$16,000 annually.

- Twinsburg SD should develop a snow and ice control plan and reassess its routes, which may enable it to use five staff per regular snow event. The plan should establish methods to meet specified levels of service, and other areas suggested by the American Public Works Association and included in Solon's plan. Twinsburg SD should annually review, update, and document in its manual the snow removal routes using experienced staff who are familiar with departmental operations. Furthermore, Twinsburg SD should not purchase any additional snow and ice control vehicles until the Service Department has fewer than 11 snow and ice control vehicles, which will result in maintaining a number of lane miles per vehicle similar to the peer average. By doing this, the City could experience a one-time cost avoidance of approximately \$327,000 by reducing and not replacing five vehicles.
- In order to increase its pool of suppliers, Twinsburg SD should consider the possibility of joining the Ohio Department of Transportation (ODOT) Cooperative Purchasing Program which provides salt to cities at a reduced rate. If Twinsburg had purchased salt at the price charged by the ODOT Cooperative Purchasing Program, it could have saved approximately \$10,700 for the 2003-2004 season.
- To increase the efficiency of pothole patching and repairs, Twinsburg SD should track the number of potholes patched in a year and determine the length of time it takes staff to patch potholes. Measuring productivity will ensure that staff are performing at an optimal level and will allow Twinsburg SD to make adjustments to future staffing levels. The Public Works Director should also develop written procedures for the pothole patching and crack sealing programs, particularly concerning the frequency of crack sealing and the length of time between notification of a pothole and completion of the finished repair. Furthermore, the Public Works Director should review the possibility of using a two-person crew where appropriate, while ensuring that safety is not negatively impacted.

- Twinsburg SD mechanics should obtain certification from the Automotive Service Excellence (ASE) and Emergency Vehicle Technician (EVT) programs, which would cost approximately \$1,900. Obtaining these certifications would reduce the expenses associated with contracting for repair services. Twinsburg SD should also hire another full-time mechanic and ensure that this mechanic receives ASE and EVT training. By hiring a full-time mechanic, Twinsburg would incur approximately \$64,000 in salary and benefit costs annually. Once certified, Twinsburg SD mechanics should be assigned to repair and maintain all city-owned vehicles and equipment, including Parks and Recreation. Centralizing the repair of vehicles and equipment will ensure that any repair work is completed by staff that have the proper knowledge, ability and training. However, prior to centralizing vehicle maintenance, the City should review the activities and corresponding time spent by staff in the Parks and Recreation Department maintaining and repairing their vehicles and equipment. If the City decides not to consolidate all vehicle and equipment repairs, only a part-time employee should be hired. Lastly, Twinsburg SD should decide whether purchasing computer diagnostic equipment will result in a reduction of the outsourcing costs associated with computer diagnostic vehicle repairs.
- Twinsburg’s City Council and Mayor should establish a policy that defines the parameters for assignment of City-owned vehicles and incorporate it within the existing vehicle use policy, including the use of “pooled” vehicles. Subsequently, the City administration should review the number of vehicles assigned to each department on an annual basis. When reviewing this information, the City should track the frequency of vehicle usage and costs associated with vehicle maintenance. By analyzing this information, the City can determine if it is cost effective for certain departments such as IT, the Mayor’s Office, and the Building Department to maintain their current fleet levels. City Council and the Mayor should also consider operational factors affecting fleet size, particularly in the police and fire departments. By selling or not replacing vehicles and utilizing a “pooled” vehicle system, Twinsburg would increase one-time revenues and reduce expenditures associated with vehicle acquisition and maintenance.

Engineering

- The City should establish a sidewalk repair program that includes specific policies and procedures in accordance with ORC §729.02; the location of sidewalks to repair and associated costs; mapping, prioritization and ranking; specific areas for proposal and developer assistance; and recommendations for repair. The program should be based on the 2001 study completed by the Municipal Engineer, including any appropriate updates, for the repair and maintenance of sidewalks. The program should specify deadlines for improvement, ways to monitor progress prior to the City becoming involved in the repair

process, and resident delinquency remedies – particularly if the City decides to assess the repair costs to its residents.

- To help measure performance and ensure appropriate staffing levels, the Engineering Department should compile and track workload drivers, and develop performance measures that correspond to each workload driver. Each performance measure should apply a standard to the workload indicator to measure its effectiveness and efficiency. Furthermore, Twinsburg should establish procedures for compiling data and use internal software, such as Microsoft Access and Microsoft Excel, to store the collected data for analysis.

Fitness Center

- TFC should use market penetration statistics to gauge the effect of decisions made to meet customer needs, and ultimately increase and retain memberships. TFC and the City should ensure that its software is fully capable of tracking data impacting market penetration, such as renewal rates and reasons for not renewing memberships. Furthermore, TFC should implement strategies to increase its membership and related market penetration rate, including the following:
 - Cease raising membership rates until they reach levels similar to peer fitness centers, review the rates on a categorical basis, and develop promotional packages;
 - Maximize program participation and track revenues and expenses by program to identify costly and ineffective programs;
 - Develop a marketing plan that clearly identifies its market segments, helps to analyze its service offerings, and prioritizes segments that were ineffectively targeted in the past; and
 - Develop and administer a survey to gauge overall customer satisfaction with the fitness center, and identify programming additions and changes.

If TFC increased market penetration by half of the difference to Westlake as an initial goal, it could increase revenues by approximately \$201,600 annually

Additional Recommendations

This section of the Executive Summary highlights additional recommendations from each area of the audit report.

Human Resources

- The HR Director should establish a policy requiring all job descriptions to be reviewed and updated at least annually, or when job responsibilities change. The HR Director should work closely with all department directors to ensure that necessary language and duties are contained in the job descriptions. Also, employees should be given the opportunity to participate in the process to guarantee job duties are reflective of actual work responsibilities. The job descriptions should follow a consistent format and include dates of review.
- Twinsburg's HR Director should ensure that all employee performance evaluations are completed before they are filed in the employees' files. The HR Director should also annually review each personnel file and check for up-to-date evaluations. To further help ensure performance evaluations are conducted annually, the HR Director should consider recommending that the policy be changed from requiring an evaluation on the employee's anniversary date of hire to a specific time of year for all City employees. This adjustment may also help the HR Director monitor the process. Shifting the time of completion for all employees to one time of year will allow the City to conduct a self-evaluation of its overall performance at a moment in time. In addition, Twinsburg should consider reducing the length of its performance evaluation form to promote more thoughtful, concentrated, and accurate ratings, and also to assist the supervisors in completing them in a timelier manner. This would become particularly important if the expectation for completion changes to one time of year for all employees.
- The City administration and City Council should develop a succession policy and complete the necessary steps to develop a succession plan to help improve the transition between retirees and newly hired management employees. The City should consult its legal counsel to ensure that the policy and process does not conflict with collective bargaining agreements and Civil Service policies and procedures. Completion of this plan would help the City identify future position openings and better facilitate the transition in key management positions.
- The HR Director should work with the Mayor, department heads, and City Council to revise outdated policies and develop new policies on an annual basis and in accordance

with the City's Codified Ordinance, Chapter 147. The City should also ensure that a legal review of all proposed changes to the HR manual and policies is completed. When manual changes occur, HR should take steps to ensure that staff is made aware of the changes.

Income Tax

- The City should establish a three member Board of Review to ensure that citizens are provided an avenue to appeal tax decisions. The Board should be prepared to affirm, reverse, or modify the Income Tax Administrator's decision or any part of that decision by reviewing all tax ordinances and any new rules and regulations established by the Income Tax Administrator. Additionally, the Board should keep a record of all of its transactions.

Service Department

- The Public Works Director should work with the HR Director to address the Department's high use of sick leave, beginning with a determination of the reasons for increased absenteeism.
- Twinsburg SD should continue to annually review its routes and ascertain if they allow for the most efficient use of street cleaning operations. In addition, Twinsburg SD should review its street cleaning operations and determine whether existing factors could be preventing the City from meeting the benchmark standard of 29 lane miles per shift. By meeting this benchmark standard, Twinsburg SD would reduce time charged to street sweeping activities by 16 hours each time the streets are swept and could then allocate 112 hours each year to other projects. Furthermore, Twinsburg's Public Works Director should develop and implement a street cleaning plan that includes a quality service statement detailing the location, frequency and time of various street cleaning activities.
- The City should consider purchasing an automated fuel dispensing system to enable automatic tracking of key data, and eliminate manual and duplicate record keeping. The data generated by the system could be used to support capital planning decisions, help prevent unauthorized access, and increase consistency in the reporting of any fuel-related information. The total cost to purchase and install an automated fuel system can range from \$7,000 to \$15,000.
- The City should consider purchasing a fleet management system which can track key information related to its vehicles, equipment and parts. The system should include

components suggested by the National Association of Fleet Administrators (NAFA). A fleet management system will allow Twinsburg to estimate useful life cycles, identify when preventative maintenance should be completed for all vehicles and equipment, and aid in the development of characteristics that would indicate when an item is due for replacement. Twinsburg SD should research available fleet management systems to determine the system that best meets its needs. The initial cost for a computerized fleet management software system would be approximately \$3,000. The annual cost for technical support after the first year would be approximately \$500.

Engineering

- As the new department begins operating under the current structure, the newly appointed Director of Community Planning and Development should identify ways to potentially streamline the structure, and eliminate duplicative managerial and administrative functions. Doing so could enable the director to consolidate managerial and administrative duties among the engineering, building, and other community planning and development departments, thereby reducing overall managerial and administrative staffing levels. This consolidation could include the Service Division of the Public Works Department; however, this would require a change to the city charter and would be subject to voter approval. In addition to improving the span of control, combining parallel departmental duties would improve communication and coordination and increase the effectiveness of operations. Furthermore, the Director of Community Planning and Development should work with the Municipal Engineer to continually develop processes to increase departmental performance and enhance operations.
- In the future, if the City determines that road improvement revenue streams are insufficient to maintain roads and infrastructure at a satisfactory level, the City should consider levying, by ordinance or resolution, a motor vehicle levy in accordance with ORC § 4504.172. Determining the need for an additional levy is also important because increasing this permissive license plate tax by \$5.00 would increase the motor vehicle license registration fee for City residents to \$20.00 for each vehicle. An additional \$5 levy would increase revenues by approximately \$63,000 annually.
- The City of Twinsburg should implement safeguards to further ensure employee compliance with Ohio Department of Administrative Services (ODAS) and internal City policies concerning the use of computer software. Additionally, the City should update its policy to mirror the ODAS policy, including information or references to the actual copyright laws and an explanation of the implications to the City and affected employees for violating the policy and laws. It should also include the progression of disciplinary action for violating the policy and laws, and ensure it is consistent with the collective

bargaining agreements and the City's personnel policies. Furthermore, Engineering Department management should ensure that all department employees adhere to the voice and electronic communications use policy. If the City determines that additional copies of AutoCAD software or other types of software are needed, it should consider purchasing a site license.

Fitness Center

- To mitigate the risk of fraud, TFC should include greater segregation of duties and independent reconciliation of receipts in its daily processes, such as assigning a manager to reconcile the day's receipts. Memberships, program participants and fees collected should be reconciled to the daily receipts and ultimately to deposits. When an employee is the closer one night and the opener the next day, management should complete the previous day's deposit.
- TFC should employ The Association of Higher Education Facilities Officers' *Custodial Staffing Guidelines* (CSG) to establish benchmarks and goals for its facilities, and clearly communicate expectations to staff. In addition to a job description and task list, the CSG identifies the expected outcome of work performed. By establishing desired outcomes and monitoring results daily, TFC can reinforce expectations and/or adjust resources based on the demands created by an aging facility, the desired level of customer service, membership increases, and increased activity.

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 of Twinsburg should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Financial Implications

	Recommendations	Estimated Annual Revenue Increase	Estimated Annual Cost Savings	Estimated Annual Cost Avoidance	Estimated One-Time Cost Avoidance	Estimated Start up Costs (One time)	Estimated Start up Costs (Annual)
Subject to Negotiation(Human Resources)							
R2.5	Reduce longevity payments		\$8,500				
Not Subject to Negotiation							
Human Resources							
R2.1	Reduce benefits administrator position		\$50,200				
R2.8	Reduce sick leave usage		\$20,300				
Income Tax							
R3.1	Hire 1.0 FTE						\$46,000
R3.2	Improve internal operations	\$477,000					
R3.3	Obtain data from State tax file						\$240
R3.5	Provide additional software training					\$1,440	
Service							
R4.1	Consider not filling three vacant maintenance positions			\$141,000			
R4.1	Reduce custodial staff by outsourcing		\$16,000				
R4.3	Purchase salt from ODOT Coop Program		\$10,700				
R4.3	Reduce/not replace vehicles				\$327,000		
R4.8	Certify mechanics					\$1,900	
R4.8	Hire one mechanic						\$64,000
R4.10	Purchase automated fuel dispensing system					\$15,000	
R4.11	Purchase fleet management software					\$3,000	\$500
Engineering							
R5.2	Consider levying an additional motor vehicle levy	\$63,000					
Fitness Center							
R6.1	Increase market penetration	\$202,000					
	Total	\$742,000	\$105,700	\$141,000	\$327,000	\$21,340	\$110,740

Issues Requiring Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or the resources to pursue. AOS has identified the following issues:

Fitness Center

- TFC has software that tracks some daily statistics and supports daily business operations, but reporting appears to be limited and could be more conducive to managing the customer relationship, tracking key data such as program participation, developing programs, and increasing membership and planning. Therefore, the City and TFC should review current software capabilities in relation to the needs of TFC. If the City and TFC decide that the current software is inadequate, prior to purchasing new software, they should research various software packages to select a new software system that is based on its needs and processes. Adequate software should help enable TFC to improve customer relationships, increase its membership base, and provide data so management can make proper decisions.
- The Twinsburg City School District does not bill TFC for utilities in a timely and consistent manner, which contributes to the volatile trends in utility expenses. As a result, TFC should continue to work with the Twinsburg City School District to establish a consistent billing cycle, which will enable TFC to appropriately budget and account for annual utility expenses.

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Human Resources

Background

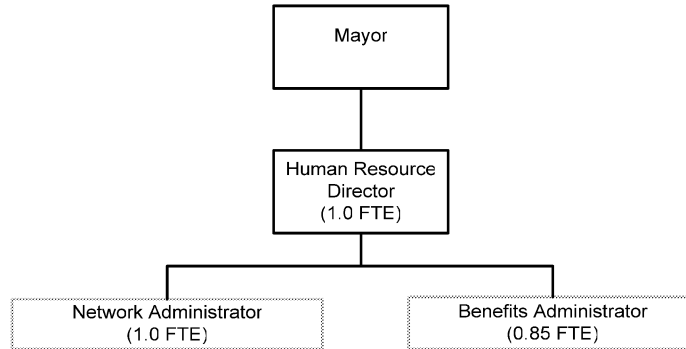
This section of the performance audit focuses on the City of Twinsburg's (City) human resources functions, which are coordinated by the Human Resources Department (HR Department). For the purpose of illustrating various operational issues, comparisons are made throughout the report with the peer cities of Avon Lake, Solon, and Stow.

The following questions were used to guide the assessment of the City of Twinsburg's Human Resources Department:

- What is the HR Department's staffing level compared to the peers and does it appear appropriate?
- What is the process for developing and maintaining job descriptions and performance evaluations, and are they current and effective?
- How do the City's non-safety collective bargaining agreements compare with the peers?
- Do City-wide policies and procedures adequately cover pertinent human resource areas and does the City adhere to the policies and procedures?
- Are Twinsburg's healthcare costs reasonable?
- Is the worker's compensation program effectively managed?
- Does excessive leave and overtime use exist for non-safety and non-public works employees?
- What recruitment, retention, and training strategies does the City of Twinsburg utilize and are they effective?

Organizational Chart

Chart 2-1 provides an overview of Twinsburg's organizational structure and staffing levels. All positions are shown as full-time equivalents (FTEs).

Chart 2-1: Human Resources Department as of September 2004

Source: City of Twinsburg

As illustrated in **Chart 2-1**, the HR Department employs a total of 2.85 FTEs which consists of a Human Resource Director, Benefits Administrator, and Network Administrator. The Human Resource Director reports to the Mayor. According to the position job description, the Benefits Administrator/Public Relations Coordinator spends 85 percent of her time on human resource responsibilities and 15 percent on public relations.

Summary of Operations

The HR Director's principle responsibilities involve centralizing the HR function, organizing the City's personnel records, maintaining the City's policy manual, and supervising the Benefits Administrator. Other responsibilities include:

- Responding to HR legal issues in cooperation with the City Law Director and employment legal counsel;
- Overseeing negotiations of all labor contracts;
- Working with department heads to administer progressive disciplinary procedures;
- Ensuring that pay and timekeeping is administered in accordance with wage/hour and EEO laws and regulations;
- Approving job postings and directing recruiting activities; and
- Coordinating preparation of job descriptions.

The HR Director also was given the responsibility to establish an information technology (IT) function and hired two full time IT employees who assisted in the development of the City's first

website. Currently, the IT Coordinator is assigned to the Police Department and the Network Administrator reports to the HR Director but does not perform any HR duties.

The Benefits Administrator is responsible for the day-to-day administration of all health and welfare benefits for the City, as well as a broad range of public relations assignments. Other HR responsibilities include:

- Assisting employees with benefits issues;
- Administrating and tracking all Ohio Bureau of Workers Compensation (BWC) claims, including Industrial Commission Hearings, employer allowance or rejection, and maintaining claim files;
- Maintaining certification as a Drug Free Workplace trainer; and
- Coordinating seasonal hiring, including completion and routing of hiring documents, drug testing, and orientation.

Assessments Not Yielding Recommendations

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **Dental, Vision, and Life Insurance:** Twinsburg's vision insurance costs are lower than the peer average premium costs and life insurance unit costs are lower than two of the peers' costs, with a policy benefit slightly more generous than the peers. Furthermore, Twinsburg's medical/prescription, dental and vision premiums taken as a whole for single and family are still significantly lower than only the medical/prescription premium for the peers and State Employment Relations Board (SERB) average for similar sized cities. Overall, Twinsburg's dental, vision, and life insurance premiums and benefit levels are comparable to the peers and SERB averages. The City's dental family premium costs are higher than three of the four plans offered by the peers and the SERB average family premium cost, which appears to be due to the slightly more generous family deductible and coinsurance plan for complex procedures. If financial conditions necessitate, or healthcare costs rise above the peer and industry averages, the City's healthcare committee may need to consider changing benefit levels and/or implementing employee contributions as ways to lower premium costs for each type of insurance.
- **Workers Compensation:** The City's worker's compensation program has improved every year for the past three years, as shown by the City's decreasing experience modifier. According to the City's BWC services specialist, Twinsburg is doing an excellent job of managing workers compensation claims. BWC suggests that Twinsburg do the following to maintain its current status:

- Continue the Drug Free Workplace Program even after completing the 5 year discount program to keep costs down;
 - Consider a formal transitional work program, unless there are restrictions from union contracts, which can be funded via a grant from the BWC;
 - Maintain the salary continuation policy; and
 - Continue to be actively involved with the BWC managed care organization and third party administrator. Not only will this assist in keeping costs down, but it can also help Twinsburg attain a group rating which offers a significant savings on BWC premiums.
-
- **Overtime:** The City's overtime usage, overtime used per total employee, and overtime used per full-time employee for calendar year 2004 are much lower when compared to Avon Lake and Stow. Consistent with the scope of this performance audit, the safety departments were excluded from this analysis. As Avon Lake and Stow do not operate fitness centers, the City's fitness center employees were also excluded from this assessment. Overtime used by the Service Department is assessed in that section of the performance audit.
-
- **Employee Turnover:** Although the City reported a 7.2 percent turnover rate for 2004, this was largely attributed to a higher than usual number of layoffs and retirements that occurred in that year. For the prior three years, the City experienced an average turnover rate of 4.1 percent. According to *Municipal Benchmarks* by David Ammons, most cities report turnover of 10 percent or less. In addition, the City's recruitment, retention and training efforts are generally similar to the peers.

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit of HR Department:

- **Health Insurance:** The City's healthcare premium costs are considerably lower than peer premium costs, the SERB average for cities similar in population, and the SERB average for the Akron/Canton region. Single and family premiums are 37.3 percent and 38.5 percent lower than the peer average, respectively; and 24.8 percent and 26.4 percent lower than the SERB average for cities similar in population, respectively. The health plan benefits offered to employees by the City are comparable to peers, with a slightly more generous prescription plan. On the other hand, its benefits for maternity and inpatient hospital care are slightly less generous than the peers. The City credits a local broker for its low healthcare premiums. The broker investigates individual claims,

generates and tabulates requests for bids from other healthcare providers, processes claims, and uses its expertise to tie into Medical Mutual networks that use negotiated discounts. These services are free to the City, and the fees are paid by the City's current healthcare provider.

The SERB 2003 *Report on Cost of Health Insurance in Ohio's Public Sector* states that 70 percent of public employees contribute to their family healthcare costs, while 61 percent contribute to their single healthcare costs. Additionally, medical premiums increased a weighted average of 12.8 percent for both single and family coverage over the previous year's coverage. The City of Twinsburg has succeeded in maintaining premium costs that are lower than the peers even when adjusted for employee contributions. Currently, employees contribute 3.9 and 3.0 percent of the single and family premiums, respectively.

Findings and Recommendations

Staffing Levels

F2.1 The City employs more HR staff than the peers. **Table 2-1** compares the staffing levels of the City of Twinsburg's Human Resource Department to those of the peers.

Table 2-1: Human Resources Staffing

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Human Resource Director	1.00	0.50	1.00	1.00	0.83
Benefits Administrator¹	0.85	0.00	0.00	0.00	0.00
Network Administrator	1.00 ²	0.00	0.00	0.00	0.00
Total	1.85	0.50	1.00	1.00	0.83
HR Staff per 10,000 citizens	1.09	0.28	0.46	0.31	0.35
HR Staff per 100 City Employees³	0.70	0.20	0.20	0.40	0.20

Source: City of Twinsburg, peer cities and 2000 Census

¹ Position title is Benefits Administrator/Public Relations Coordinator

² Network Administrator is not included in HR calculations since peer cities classify IT functions within different classifications.

³ Excluding seasonal personnel and council members.

Table 2-1 illustrates that Twinsburg has more HR staff per population and per 100 city employees when compared to the peer cities; however, the City's HR staff to employee ratio is lower than the 2005 Society for Human Resource Management (SHRM) Human Capital Benchmarking Study median ratio for similar sized organizations of 1.26 to 100. It should be noted that the SHRM report cautions that the information should be used as a tool rather than as an absolute standard. In addition, the data in the report was compiled by surveying 5,000 randomly selected SHRM members via email. Of the 5,000, 3,994 emails were successfully delivered and 702 members responded to the survey. Twenty-two percent of the respondents were classified as being in the public/government sector. Furthermore, the City's HR staff to employee ratio of 0.7 is lower than the overall ratio of 1.0 found in the Bureau of National Affairs/SHRM 2004 report "HR Department Benchmarks and Analysis." The ratio from this report encompasses all types of industries, including private and public. The report indicates that more than 950 companies responded to the survey.

As shown in **Table 2-1**, only Twinsburg has a separate classification for its Benefits Administrator, and one peer employs a part-time HR Director. The duties of Twinsburg's

Benefits Administrator include assisting employees with benefits issues, conducting new employee orientation, monitoring and tracking workers compensation, and coordinating pre-employment and random drug testing. Stow's Finance Department currently conducts the duties that are similar to Twinsburg's Benefits Administrator. However, in contrast to Twinsburg, Stow does not use a healthcare broker to assist its HR Director. According to Avon Lake's part time HR Director, the duties similar to Twinsburg's Benefits Administrator are contracted out to the same healthcare broker currently employed by the City of Twinsburg. The broker's services also include investigating individual claims, obtaining quotes from other carriers, and processing claims. Solon pays a healthcare consultant to assist its HR Director. According to Solon, the consultant developed a plan design that resulted in significant savings for the city. Twinsburg's healthcare broker services are free as the fees are paid by the City's current healthcare provider, Twinsburg's HR Director credits its broker for the City's low healthcare costs. The City's HR Director ensures that this broker attends employee meetings, gets actively involved with complicated claims issues for individual employees, and serves as an advocate for the City with healthcare providers. The City's healthcare broker also provides the following services for the City:

- Developing client specific requests for proposal criteria as directed by the HR Department;
- Conducting annual carrier bidding process;
- Negotiating with carriers on annual product renewals;
- Analyzing paid claim data and reporting quarterly to the HR Department;
- Recommending funding arrangements and plan design changes;
- Identifying and developing cost control programs;
- Providing technical expertise and guidance to the City's Insurance Committee; and
- Consulting with the HR Department about benefit related compliance issues.

These services effectively assist the HR Director in benefits administration.

Considering that none of the peers has both a benefits administrator and healthcare broker or consultant, and the City's HR staff to employee ratio is higher than each peer, Twinsburg employs a sufficient level of staff to operate and maintain a centralized HR Department. On the other hand, the City's HR staff to employee ratio is lower than reported by SHRM's 2005 study and BNA/SHRM 2004 report. By carefully reviewing the value of all of the duties performed by the HR Department and corresponding outcomes in conjunction with the costs (i.e., the positions' salaries and benefits), the City may be able to operate efficiently and effectively with only 1.0 FTE. Doing so would be particularly important if the City experiences financial difficulties in the future.

R2.1 The City should consider combining the job duties of the Human Resource Director and the Benefits Administrator/Public Relations Coordinator positions, thereby enabling it to

reduce the Benefits Administrator/Public Relations Coordinator position. If the City chooses to reduce the Benefits Administrator/Public Relations Coordinator position, the public relations portion of the position should be assigned to another qualified employee. For example, the Mayor's secretary in Avon Lake performs public relations duties. In addition, the insurance broker should continue to be used to further support the HR Department's duties. By reducing the HR FTE to 1.0, the City's HR staff per 10,000 citizens and per 100 city employees would be 0.58 and 0.40, respectively, which is still higher than the peers.

Financial Implication: If the City reduces its HR staff by reducing the Benefits Administrator/Public Relations Coordinator position, the City would save \$50,200 annually. This includes the \$39,210 salary plus 28 percent for fringe benefits.

F2.2 In 1999, The City of Twinsburg's human resource functions were consolidated into the newly created Human Resources Department. According to one department head, prior to the creation of the Human Resources Department, managers were spending 20 to 25 percent of their time handling worker's compensation matters, and hiring and disciplining employees. In addition to comprising a considerable portion of administrators' time, there were no formal policies and no consistency in applying hiring or disciplinary decisions. Another Twinsburg department head stated that employees seem to be more educated now, and that the increase from two to the current five unions has further complicated human resources functions.

Having more central control over issues related to human resources may help to ensure an employee's rights are effectively maintained and addressed, and avoid costly lawsuits. The following describes a partial list of the Human Resource Director's responsibilities:

- Ensuring protection of employee's rights by complying with federal and state laws including Family Medical Leave Act, Consolidated Omnibus Budget Reconciliation Act (COBRA), worker's compensation, Americans with Disabilities Act, Health Insurance Portability and Accountability Act (HIPAA), Fair Labor Standards Act, Public Employment Risk Reduction Program (PERRP);
- Establishing new hire orientation, drug testing, and background checks;
- Handling all part time and seasonal employment advertisements and applications;
- Attending annual Occupational Safety and Health Administration (OSHA) training to maintain compliance;
- Ensuring that all employee files are central, consistent, and legal with regard to the Health Insurance Portability and Accountability Act (HIPAA) and worker's compensation; and
- Ensuring that all buildings have current, required employment posters.

Furthermore, all peer cities have a centralized human resource department, although they operate with fewer staff (see **F2.1**). The City of Avon Lake's HR Director stated that it is better to have a central function applying the rules equally among the employees in a non-discriminatory fashion. To stay informed and to maintain a proactive approach on the city's issues, Avon Lake's City Council has formed a human resource committee, comprised of only city council members. Avon Lake's HR Director attends and actively participates in committee meetings. The Director stated that this was an effective system and an important component of the city's human resource structure. Two council members in Solon also actively participate on personnel committees, and the HR Director indicated that the participation is important in building rapport and developing better systems.

R2.2 The City of Twinsburg should maintain its current centralized HR Department and not redistribute the duties among the department heads. To stay informed and to maintain a proactive approach to addressing the City's human resource issues, the City should consider forming a human resource committee comprised of City Council members. This committee should seek active involvement and participation from the City's HR Director. This committee should function in a policy-setting and review capacity, similar to the City's finance committee.

Job Descriptions and Performance Evaluations

F2.3 The majority of job descriptions for the City of Twinsburg have not been updated or reviewed on a regular basis since their inception in 1995, when an outside consultant originally developed them. According to the HR Director, department heads and part time employee job descriptions may be modified by the HR Department as needed, and occasionally a department head may initiate a review. However, no regular review process currently exists. Furthermore, there is no policy or procedure requiring a regular review.

Some of the job descriptions do not have a date specifying when the last update occurred and they do not adhere to a consistent format. To eliminate inconsistencies in job descriptions, Solon requires directors to review job descriptions on an annual basis. Both Solon and Avon Lake indicate that amending job descriptions is an ongoing process as responsibilities change.

According to the Business and Legal Reports (BLR) website -- HRNext.com, companies should have a formal schedule for reviewing all job descriptions. Preferably, because of the current legal climate, a review should occur at least once a year. In addition, a job description should be reviewed and revised when:

- The job content changes;
- There is an organizational change;
- Staff or management requests a review;
- There is only one incumbent in the job, and that person leaves the job; and
- There are continuous problems in a department or division.

According to the HR Director, job descriptions are reviewed when the job content or organization changes.

In order to maintain internal control, BLR suggests that job descriptions be dated and the following be considered when creating and updating job descriptions:

- Responses from individuals who are currently handling the prescribed responsibilities should be included. Each requirement listed should start with an action verb and all interested parties (employee, supervisor, department head and senior management) should review it. There was no documentation to suggest that employees were involved in Twinsburg's job description development.
- Job descriptions for similar positions should be compared to ensure that duplicate responsibilities do not exist.
- Job descriptions should be simple and concise, using everyday language. Only meaningful language which clearly defines the requirements and communicates performance outcomes should be listed. In addition, job descriptions should be no longer than one page. Many Twinsburg job descriptions are longer than one page.
- A statement about "performing other duties as assigned" should be listed. Some of Twinsburg's job descriptions do not include this statement (e.g. the Director of Finance and the Benefits Administrator).

Outdated and incomplete job descriptions detract from the City's ability to effectively recruit, evaluate, and, if necessary, discipline employees. In addition, the lack of clear and up-to-date job descriptions can result in uncertainty related to job functions and cause difficulty in conducting an effective and fair performance evaluation. Finally, maintaining outdated job descriptions could affect the City's defense during union grievance proceedings.

R2.3 The HR Director should establish a policy requiring all job descriptions to be reviewed and updated at least annually, or when the job responsibilities change. The HR Director

should work closely with all department directors to ensure that necessary language and duties are contained in the job descriptions. Also, employees should be given the opportunity to participate in the process to guarantee job duties are reflective of actual work responsibilities. The job descriptions should follow a consistent format and include dates of review.

- F2.4 Twinsburg does not consistently follow its policy regarding annual performance evaluations. In addition, the manner in which performance evaluations are completed is not consistent throughout the City. From the ten evaluations sampled by AOS, four were completed over one year ago, four of them did not have a completed goal section, and four did not have all of the required signatures. Due to inconsistencies in the current practice, employees may not be receiving sufficient feedback about their job performance.

Twinsburg's performance evaluation form, which is six pages long, was created in January 2003. According to the HR Director, a private consulting firm trained supervisors on performance evaluations and discipline in 2001. Due to cost restraints, the City decided to conduct additional training on its own through meetings and brainstorming.

According to the *Number 1 Guide to Performance Appraisals* by James E. Neal, Jr., performance evaluations should be concise and simple and no longer than three pages. Evaluation forms should include clear instructions on the form and provide a method for scoring. Also, performance evaluations should be linked with job descriptions to allow employees to know how they are doing compared to expectations. A well-written standard of measurement creates a level playing field and provides a mutual understanding that leads to superior performance.

Solon currently uses a six-page form, while Avon Lake uses a two-page form. However, Twinsburg's form is the only one that allows the rater to customize it to the employee's job description, which occurs consistently. Furthermore, Twinsburg's form provides clear instructions and a method for scoring. All completed evaluations are filed in the employee's personnel file in the HR Department.

In addition, Twinsburg's policy manual states that evaluations will be conducted on a periodic basis such as at a specified period during the year or on the employee's anniversary date of hire, promotion, or transfer. New employees are evaluated half-way through and prior to the end of the probationary period, using the City's standard performance evaluation form. The probationary period for employees is six months, except for the Police and Fire Departments which have a one year probationary period. According to the *Number 1 Guide to Performance Appraisals*, evaluating personnel on the anniversary date of their hiring is becoming increasingly undesirable. Appraising everyone in an organization during the same time period is the fairest and best method. A

standard appraisal time provides a snapshot of the entity at any given time similar to a balance sheet. Also, the *Number 1 Guide to Performance Appraisals* indicates that new employees should be appraised at three, six, and twelve months using brief and special forms.

R2.4 Twinsburg's HR Director should ensure that all employee performance evaluations are completed before they are filed in the employees' files. The HR Director should also annually review each personnel file and check for up-to-date evaluations. To further help ensure performance evaluations are conducted annually, the HR Director should consider recommending that the policy be changed from requiring an evaluation on the employee's anniversary date of hire to a specific time of year for all City employees. This adjustment may also help the HR Director monitor the process. Shifting the time of completion for all employees to a single timeframe will allow the City to conduct a self-evaluation of its overall performance at a moment in time.

In addition, Twinsburg should consider reducing the length of its performance evaluation form to promote more thoughtful, concentrated, and accurate ratings, and also to assist the supervisors in completing them in a timelier manner. This would become particularly important if the expectation for completion of evaluations changes to a single time of year for all employees.

Collective Bargaining Agreements

F2.5 The current AFSCME contract covering three bargaining units expired on October 31, 2004. It was extended until the end of the year, and was ratified in early 2005. The City's office staff, including the fitness center, has unionized and will become another AFSCME bargaining unit in 2005. It is anticipated that all units will eventually negotiate with the City at the same time. Another group of 18 employees in the Waste Water Division of the Public Works Department has joined the Teamsters and has recently ratified a new contract. The AFSCME Ohio Council 8, Local 1313 is the only contract examined in this performance audit, since it was the only contract ratified and available for review at the beginning of the audit. Employees covered under this agreement are the Maintenance Division of the Parks and Recreation Department, the Maintenance Division of the Golf Course, and all employees in the Service Division of the Public Works Department.

Table 2-2 presents key benefits offered through negotiated agreements for the City of Twinsburg and its peers. The review excludes police and fire negotiated agreements.

Table 2-2: Negotiated Agreement Comparison

Article	Twinsburg AFSCME, Ohio Council 8, Local 1313	Avon Lake AFL-CIO and CLC, Local 5-836-1 (Service, Eng., Bldg) and Local 5- 865 (Municipal Utilities) ¹	Solon Teamsters Local 436	Stow AFSCME, Ohio Council 8, Local 2809
Number of Employees	31	30 (21)	4 ²	40
Length of Work Day	8 hours	8 hours	8 hours	8 hours
Guaranteed Minimum Hours	2 hours	4 hours (3 hours)	3 hours	2 hours
Sick Leave Accrual	15 days/year	15 days/year	15 days/year	15 days/year
Sick Leave Incentive	60 hours	60 hours (None)	45 hours	None
Max # of Days Paid Out At Retirement	180 days	37 days	Employed prior to January 1989: 120 days Employed after January 1989: 45 days	Employed as of March 1973: 187.5 days plus longevity and experience premium. Employed as of January 1987: 120 days New hires after January 1999: 125 days plus longevity and experience premium.
Vacation Accrual	1 - 4 yrs: 2 weeks 5 - 9 yrs: 3 weeks 10 - 20 yrs: 4 weeks 20+ yrs: 5 weeks	1 - 4 yrs: 2 weeks 5 - 9 yrs: 3 weeks 10 - 20 yrs: 4 weeks 20+ yrs: 5 weeks	1 - 4 yrs: 2 weeks 5 -11 yrs: 3 weeks 12 -14 yrs: 4 weeks 15-16 yrs: 4 weeks + 1 day 17-18 yrs: 4 weeks + 2 days 19-20 yrs: 4 weeks + 3 days 21-22 yrs: 4 weeks + 4 days 23 + yrs: 5 weeks	0 - 5 yrs: 2 weeks 6 - 10 yrs: 3 weeks 11- 15 yrs: 4 weeks 16 - 20 yrs: 5 weeks 21+ yrs: 6 weeks
Personal Days	2	3	1	2
Bereavement Days	1 -5 days depending on the relationship to the employee	3 days 5 days out of state	3 days	3 days
Number of Holidays	12	8	11	11
Longevity Annual Payment Schedule	6 years \$541 7 years \$645 8 years \$749 9 years \$853 10 years \$957 11 years \$1,061 12 years \$1,144 13 years \$1,248 14 years \$1,352 15 years \$1,435 16 years \$1,560 17 years \$1,643 18 years \$1,747 19 years \$1,851 20 yrs + \$1,955	6 years \$400 7 years \$450 8 years \$500 9 years \$550 10 years \$625 11 years \$700 12 years \$775 13 years \$850 14 years \$925 15 years \$1,000 16 years \$1,075 17 years \$1,150 18 years \$1,225 19 years \$1,300 20 yrs. + \$1,650	Employed prior to Jan. 1989: ½ of one percent of salary for each full year of service up to a maximum of 10 percent. Employed after Jan. 1989: ¼ of one percent for each full year of service up to a maximum of 5 percent. Employed after Dec. 31 1986: payment will begin following five full years of service.	5 - 9 years \$416 10-14 years \$832 15-19 years \$1,248 20+ years \$1,726

Table 2-2: Negotiated Agreement Comparison cont'd.

	Twinsburg <i>AFSCME, Ohio Council 8, Local 1313</i>	Avon Lake <i>AFL-CIO and CLC, Local 5-836-1 (Service, Eng., Bldg) and Local 5-865 (Municipal Utilities)¹</i>	Solon <i>Teamsters Local 436</i>	Stow <i>AFSCME, Ohio Council 8, Local 2809</i>
Wage Increase/Cost of Living Adjustments	2001 – 3.5% 2002 – 3.5% 2003 – 4.0% 2004 – 4.0%	2003 – 3.25% 2004 – 3.40% 2005 – 3.45% (2003 – 4.0% 2004 – 3.5% 2005 – 3.5%)	2004 – 4.0% 2005 – 3.75% 2006 – 3.75%	2002 – 3.5% 2003 – 3.5% 2004 – 3.5%
Shift Differential	5 PM – 10:59 PM: 5% of base wage per hour 11:00 PM – 4 AM: 10% of base wage	None (Rotating shift personnel receive additional \$425/year)	None	Additional \$.50/hour for both second or third shifts
PERS Pick-Up	None	8.5%	None	None
Health Care Committee	Yes	Yes	Yes	No

Source: City of Twinsburg, City of Avon Lake, City of Solon, and City of Stow

¹ Avon Lake's AFL-CIO & CLC, Local 5-865 data is noted in parentheses where different from Local 836-1

² Twenty additional people from the Water Reclamation Department are anticipated to join sometime in 2005.

As indicated in **Table 2-2**, the City's collective bargaining provisions are similar to the peers in numerous areas, such as length of work day, vacation and sick leave accrual, and historical wage increases. However, the City's collective bargaining agreement provides relatively generous provisions in the following areas:

- Sick leave incentive appears more generous than Stow and Solon.
- Sick leave paid out at retirement appears more generous than all the peer cities. In addition, ORC § 124.39(B) indicates, in part, that sick leave payout shall not exceed the value of 30 days of accrued but unused sick leave, although section (C) permits political subdivisions to compensate employees for more than 30 days.
- Longevity payments average 56 percent higher at each level than the next highest peer (Avon Lake) that provides different dollar payments for each year of service. Furthermore, Twinsburg's longevity payments are higher for each year of service grouped according to Stow's range for years of service.
- Shift differentials appear more generous than all the peer cities. For instance, Solon does not offer a shift differential and Twinsburg's five percent payment would be greater than Stow's for employees with a base wage of more than \$10 per hour. Twinsburg currently has six employees in the Service Department that are covered by this contract. They use this benefit for snow and ice control. This

represents 15 percent of the total shift differential paid out in 2004. According to the Twinsburg HR Director, shift differential payouts occur mostly in police and dispatch classifications; however, there are two or three employees in the Waste Water Department year round and five or six in the Service Department that are paid a shift differential in the winter months for snow and ice control (see the **Service Department** section for more information on snow and ice control). The payroll register for 2004 indicates that the impact of this benefit to the City represents approximately 3.2 percent of total salaries paid, including overtime, or \$120,138.

- R2.5** During future negotiations, the City should consider reducing the sick leave incentive, sick leave paid out at retirement, longevity payments, and the shift differential to a level commensurate with the next highest peer. This will be particularly important if the City experiences financial difficulties in the future.

Financial Implication: If the City successfully renegotiates these provisions, the actual financial implication will depend on whether the changes are applied to all current and future employees, or only to future employees. Assuming that the City renegotiates the longevity payments for current and future employees to be similar to Avon Lake, it would save approximately \$8,500 annually. This is based on the average difference in longevity payments at the City and Avon Lake (\$371) and the current number of employees receiving longevity in the collective bargaining agreement (23). Although not readily quantifiable, additional savings could be achieved by reducing the sick leave incentive, sick leave paid out at retirement, and the shift differential. During this performance audit, the collective bargaining unit successfully negotiated increases to longevity payments, which ranged from an additional 7 to 10 percent for each year of service.

Policies and Procedures

- F2.6 The City of Twinsburg has not updated its policy manual since it was originally written by an outside consultant in 1999. While aspects of the codified ordinance, chapter 147, have been reviewed and revised to reflect current general employee practices, Twinsburg's policy manual, which is intended to support the law, has not been maintained up to date. For example, the manual instructs users to contact the Finance Department, rather than the HR Department, with questions or requests for forms and procedures.

Despite being somewhat outdated, the major policies contained in the City's manual are reasonably consistent with the policies recommended by Business and Legal Reports; however, several relevant policies were identified which Twinsburg should consider adopting:

- **Diversity policy** – By recently hiring a diversity consultant to assist in training, Twinsburg has recognized the need and value of diversity training and respect in the workplace. However, developing a diversity policy and looking for more ways to be a truly inclusive organization, one that makes full use of the contributions of all employees, is good business sense that yields greater productivity.
- **Inclement weather policy** – It is important to arrange a line of communication to notify employees of business operation plans in case of inclement weather or a natural disaster. Under the Fair Labor Standards Act (FLSA), employers who want to preserve their employees' exempt status are prohibited from making deductions for absences caused by the employer or by the operating requirements of the business. However, employers are under no obligation to pay non-exempt employees when business operations are closed. Refusing to pay the non-exempt staff could create a morale problem, and some policies allow staff to use a personal or vacation day for compensation.
- **Open door policy/internal complaint procedure** – Open door policies encourage employees to talk to managers whenever a problem arises, but they do not give guidelines or procedures for how the complaint should be handled. With an internal complaint procedure (ICP) to accompany the open door policy, the follow-up process is formalized and overseen by a third party to make sure that appropriate action is taken. Effectively responding to employee concerns and creating consistency in processing encourages more feedback. Employers using an effective ICP find that such a program enhances employee relations.
- **Job posting** – Twinsburg conducts job posting, but does not have a job posting policy. The goal of a job posting policy is to ensure that all employees are made aware of, and have the opportunity to apply for, open positions either before or concurrent with the organization's considerations of external candidates for employment. The City may choose to include in its policy a statement that business conditions permitting, all regular part-time and full-time positions below the level of director will be posted when an opening occurs. The business conditions that could result in a decision to bypass posting, or to post the position while simultaneously recruiting from the outside include: organizational restructuring; position requirements that include skills, education, or experiences that are not known to match any existing employee; critical operational needs; etc.

In addition, the *HR Manager's Legal Reporter* suggests that policy manuals be reviewed and evaluated annually by a team of people, including a labor and employment attorney and effectively communicated to employees.

R2.6 The HR Director should work with the Mayor, department heads and City Council to revise outdated policies and develop new policies on an annual basis and in accordance with the City's Codified Ordinance, Chapter 147. The City should also ensure that a legal review of all proposed changes to the HR manual and policies is completed. When manual changes occur, HR should take the following steps suggested by the *HR Manager's Legal Reporter* to ensure that employees are made aware of changes:

- Post notices of impending revisions in the workplace;
- Issue changes in the manual to staff before they become effective;
- Revoke previous versions of the manual. It is important to state that a revision supersedes all previous versions of the manual and Twinsburg's manual currently includes such a statement; and
- Require and ensure that all employees sign an acknowledgement (meaning that they have read it and understand it) and place the form in each employee's personnel file. The HR Director indicated that this is the City's current practice.

F2.7 The City does not have a formal plan or policy detailing succession procedures to be followed prior to the retirement of key employees. For example, in the Income Tax Department, the Tax Administrator and the remaining staff are eligible for retirement in 2006.

According to the International City/County Management Association (ICMA), succession planning addresses the urgency to begin to systematically replace talent as a way to sustain the performance of organizations. Succession planning ensures that replacements have been prepared to fill key vacancies on short notice, that individuals have been groomed to assume greater responsibility, and that they have been prepared to increase their proficiency in their work. ICMA also indicates that identifying and developing the best people for key leadership roles is basic to future organizational success. To ensure that success is indeed continued, organizational leaders:

- Need the excellent performance in their organizations preserved, if not enhanced;
- Need important leadership positions identified;
- Want to strengthen individual advancement; and
- Want to have the right leaders prepared for the right positions at the needed time.

ICMA further states that best practice governments use succession planning to develop and maintain strong leadership and to ensure that they address all the competencies required for today's and tomorrow's work environment. The primary task of succession

planning is to outline a sequence of personnel moves so that candidates for key positions are known in advance of actual need. Essential components of succession planning include:

- Replacement chart – An organizational chart that depicts internal successors for each critical positions in the organization;
- Critical-position profile – Similar to a job description, a critical-position profile is a list of key responsibilities, duties and activities for each critical position, typically written on a single page;
- High-potential profile – Similar to a resume, a high-potential profile is usually written on a single page and lists important biographical information about the key job incumbent and any individuals identified as a possible successor;
- Employee performance appraisal – Rates the individual’s performance on their present job. (Advancement usually depends on an employee performing at least competently on their present job);
- Individual potential assessment – Rates the individual’s potential for advancement, either to one critically important position or to higher levels of responsibility or technical proficiency; and
- Individual development plans – A plan to narrow the developmental gap between what the individual currently knows or does on their current job and what they need to know or do to advance to a future, critically important position or to a higher level of responsibility.

There are eight sequential actions involved in implementing successful succession planning:

- Assess future service needs;
- Identify critical positions and high-potential employees;
- Identify competencies;
- Do a complete gap analysis;
- Select training and development activities;
- Conduct management training;

- Implement development strategies and tactics; and
- Monitor and evaluate.

Without succession planning, the City is foregoing the opportunity to ensure competent and proficient employees are readily available to fill key management positions.

R2.7 The City's administrators and City Council should develop a succession policy and complete the necessary steps to develop a succession plan to help improve the transition between retirees and newly hired management employees. The City should consult its legal counsel to ensure that the policy and process does not conflict with collective bargaining agreements and Civil Service policies and procedures. Completion of this plan will help the City identify future position openings and better facilitate the transition in key management positions.

Leave Usage

F2.8 Twinsburg uses a high amount of sick leave. **Table 2-3** compares the City of Twinsburg's full-time employee sick leave use to the Ohio Department of Administrative Services (ODAS) average.

Table 2-3: Sick Leave Usage for Calendar Years 2002, 2003, and 2004

Calendar Year	Twinsburg Sick Leave
2002 Sick Leave Hours Used ¹	6,268.62
2003 Sick Leave Hours Used ¹	6,740.75
2004 Sick Leave Hours Used ¹	5,767.95
Sick hours per employee for 2004 ²	64.62
Sick hours per full time employee for 2004 ¹	67.24
ODAS 2004 Average Sick Hours per Employee	53.71

Source: Twinsburg Payroll registers for 2002, 2003, and 2004 and Department of Administrative Services Sick Use Cost History Report

Note: The ODAS data includes all instances where sick leave is used, including payouts at retirement and separation. As the State data does not differentiate between usage type, Twinsburg SD's data includes retirement payouts. However, sick leave incentive payouts were excluded from Twinsburg SD's data.

¹ Data excludes public works-service, police, and fire personnel

² Includes police, fire, service, and part time personnel. Part time is an estimate as of October 2004.

As indicated in **Table 2-3**, average sick leave usage for all City employees exceeded the Ohio Department of Administrative Services average for state employees by 10.9 hours per employee in 2004. **Table 2-4** lists the cost centers using the greatest number of sick leave hours per full-time employee in 2004.

Table 2-4: Sick Leave Used By Cost Center¹

Department	Sick leave hours per employee
Clerk of Council	150
Building	117
Service	106
Police	99
Fire	88
Sewer	88
Senior Activity	71
City Tax	66
Fitness Center	59
Human Resources	59

Source: Twinsburg payroll register

Note: The data represented in this table includes several instances of long term absence.

¹ Full time employees only.

Table 2-4 shows that these departments use significantly more sick leave hours per FTE than the ODAS average. While the City has a policy governing sick leave use, **Tables 2-3** and **2-4** show sick leave usage may not be effectively monitored and enforced. According to the City policy manual, the use of sick leave must be approved by a supervisor. Any employee using three or more consecutive days of sick leave is required to present the necessary documentation including a doctor's slip. A supervisor may request documentation from an employee who takes less than three days of sick leave if the supervisor deems it reasonably necessary or if the employee has more than four illnesses in a twelve month period.

Since 1999, the City's attendance policy has delegated to each department head the authority to "promulgate a policy setting forth the department's expectations with regard to employee attendance and further provide a consistent mechanism for improving and maintaining an acceptable level of attendance." According to the department head who has instituted a point system within the department, sick leave remains a problem, and the sick leave and attendance policies lack enforcement.

ICMA states there are two general types of employee attendance problems. One is excessive absenteeism or tardiness; the other is misuse or abuse of sick leave or other similar benefit. Excessive absenteeism is generally dealt with as a matter of progressive discipline. However, even a single instance of sick leave abuse may result in serious discipline because fraudulent use of paid leave for purposes other than the employee's personal illness is a form of theft from the employer.

The American Society for Public Administration (ASPA) states that sick leave policies should include guidelines stipulating common "patterns of abuse". A "pattern of abuse" typically refers to employees, who over a period of time have violated the organization's attendance policy on numerous occasions. Unscheduled absenteeism can cost up to an

average of \$602 per employee, per year, not including indirect costs such as overtime pay for other employees, hiring temporary staff, missed deadlines, sinking morale, and lower productivity. Indirect costs can add up to 25 percent to the direct costs, according to *Employee Benefit News* and *HR News*.

ASPA also indicates that determining if and why employees exploit leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave is higher in one department or under a particular supervisor, and if workplace policies or procedures affect absences. Finding the root cause of problems helps in addressing core issues.

According to ASPA, methods for monitoring sick leave abuse vary from one organization to the next, but there are common guidelines all employers can follow. Some tips for managing leave abuse cases include:

- Recognizing the problem and intervening early before it escalates. Managers need to enforce leave policies and take appropriate action;
- Finding out why the employee is abusing leave. If a manager finds that it stems from a personal problem, recommend counseling or refer them to an employee assistance program;
- Learning to say “no”. Employers should not let employees get away with abusing leave policies;
- Using procedures, regulations, practices and knowledge so that all employees are aware of leave policies and how to use them; and
- Documenting everything in order to learn from past mistakes.

By taking the above measures to reduce sick leave use, the City would increase productivity and reduce costs.

R2.8 The City should monitor and enforce its sick leave policy, and establish guidelines and policies that include prohibitions against “patterns of abuse.” Identifying “patterns of abuse” would help department managers reduce excessive sick leave use. The City should consult with its legal counsel to ensure that all required notices and opportunities to dispute abuse claims are addressed as required by applicable laws and/or collective bargaining agreements. Additionally, the City should consider following ASPA’s suggestions to effectively manage sick leave abuse.

Financial Implication: By reducing sick leave by 10.9 hours per employee to be similar to the ODAS average, and based on Twinsburg’s average hourly pay rate (\$22.72), the City could save \$247.65 per employee per year in sick leave costs. For the 82 full time

employees in Twinsburg, total potential savings would be approximately \$20,300. This savings could be correlated to increased productivity and potentially reduced overtime costs.

Financial Implication Summary

The following table presents a summary of the annual cost savings discussed in this section. For purposes of this table, only recommendations with quantifiable financial impacts are included.

Summary of Financial Implications Not Subject to Negotiations

Recommendations	Cost Savings
R2.1 Reduce benefits administrator position	\$50,200
R2.8 Reduce sick leave usage by 10.9 hours per employee	\$20,300
Total	\$70,500

Summary of Financial Implications Subject to Negotiations

Recommendations	Cost Savings
R2.5 Reduce longevity payments to level comparable to next highest peer city	\$8,500
Total	\$8,500

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Income Tax

Background

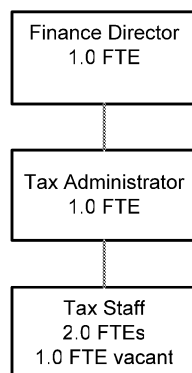
This section of the performance audit focuses on the City of Twinsburg's (City) income tax operations. For the purposes of illustrating various operational issues, comparisons are made throughout the report with the peer cities of Avon Lake, Solon and Stow. The City has an effective municipal income tax rate of 2.0 percent. Income tax revenue comprised approximately 74 percent of the City's General Fund revenues for 2003.

The following questions were used to guide the analysis during the review of ITD:

- Are staffing levels and the role of the Income Tax Department personnel appropriate, adequate to perform work, and in line with peers?
- How effective and efficient are the collection practices of the Department, including delinquencies?
- What improvements in collections methods and procedures could result in increasing revenues for the City?
- How does the income tax technology impact the staffing and current collections practices?
- Are the income tax ordinances enforced by the Department and are they comparable to the peers?
- Is it feasible to contract out income tax collections to an external collections agency?

Organizational Chart

The organizational structure and staffing levels of the City's Income Tax Department (ITD), as of December 2004, are depicted by **Chart 3-1**:

Chart 3-1: City of Twinsburg's Income Tax Department

Source: City of Twinsburg

The ITD staff comprises three full time budgeted positions, reporting to the Finance Director. In 2004, one full time employee transferred from the Department and the City is currently determining how and when to fill this position.

Summary of Operations

Although responsibilities and duties are delegated to the Income Tax Administrator, the Finance Director is ultimately charged with the collection and enforcement of Title 9 and Chapter 181 of the Twinsburg City codified ordinances, and is responsible for the following activities:

- Collecting income tax revenue from residents and businesses conducting business in the City;
- Preparing receipts for deposit;
- Reviewing tax returns for accuracy;
- Handling income tax delinquencies and processing paperwork;
- Assessing penalties and interest;
- Processing and issuing refunds;
- Providing income tax assistance to the public; and
- Maintaining information on income tax accounts.

The City's income tax was enacted in 1968 with a tax rate of 0.5 percent. The current rate is 2.0 percent which has been in effect since 1996 (see **Table 3-1**). Originally, the income tax revenue was split 50-50 between the General Fund and the Capital Improvement Fund. Ordinance 27-2003, which took effect on January 1, 2003, changed the allocation to 80 percent to the General Fund and

20 percent to the Capital Improvement Fund. **Table 3-1** presents historical changes to the City's income tax rates.

Table 3-1: Ordinances, Effective Dates and Income Tax Rates

Ordinance Number	Effective Dates	Effective Tax Rate
85-1967	January 1, 1968	0.5%
71-1969	October 1, 1969	1.0%
107-1986	March 31, 1993	1.5%
179-1995	July 1, 1996	2.0%

Source: Twinsburg's Clerk of Council

The purpose of a municipal income tax is to provide funds for general municipal operations and other municipal purposes such as public safety. The City levies an income tax on the following sources of income:

- Salaries, wages, commissions and other compensation earned by residents of the City;
- Salaries, wages, commissions and other compensation earned by non-residents of the City for work done or services performed in the City;
- Net profits earned by all resident unincorporated businesses, professions or other activities and entities, derived from work done or services rendered or performed and business or other activities conducted in the City;
- Net profits earned of a resident partner or owner of a resident unincorporated business entity not attributable to the City and not levied against such unincorporated business entity;
- Distributive share of net profits earned of a resident, partner, or owner of a non-resident, unincorporated business entity not attributable to the City and not levied against such unincorporated business entity; and
- Net profits of all corporations derived from the work performed or rendered and business or other activities conducted in the City, whether or not such corporations have an office or place of business in the City.

Each person who engages in business or whose earnings are subject to the City income tax must submit an income tax return on or before April 15, whether or not a tax is due. However, in practice, the tax administrator stated that ITD does not require residents to file a return if they indicated in the prior year's return that they had no income or had only exempt income and provided a reason that

their income is not taxable (see **R3.2**). Doing so relieves them from filing future returns until they receive taxable income. Individuals under 18 years of age are exempt from income tax.

All employers who have a place of business within the City are subject to withholding requirements, as are employers who do not maintain a business within the City but who are subject to the tax on net profits attributable to the City. Employers are required to submit income tax withholdings monthly if the income tax withheld from its employees totals \$100 or more for the month. If the amount withheld from employees is less than \$100, the employer can submit income tax withholdings quarterly. If a non-resident employer does not withhold taxes from its resident employee's compensation, individual taxpayers are required to file a declaration of estimated taxes and pay their estimated taxes quarterly.

The City provides a 100 percent credit for the amount of the taxes paid to another municipality not to exceed 2.0 percent. In addition, the City imposes a penalty of \$25 for failure to file a final return. Penalties for non-payment of taxes or withholdings range from one half of one percent per month to three percent per month of the amount of unpaid taxes. Interest is to be assessed at one half of one percent per month or fraction thereof. A fine of not more than \$1,000 or imprisonment of not more than six months, or both, is imposed on anyone found guilty of violating any provision of the municipal income tax ordinance.

The City has enacted a Board of Review (Board) appointed by the Mayor and comprised of three resident adult electors. The Board is responsible for approving all rules, regulations, and amendments or changes adopted by the Administrator under the authority conferred by Ordinance 181.11. Additionally, if a taxpayer has an issue with their income taxes, the Tax Administrator will schedule a meeting with the other members of the Board to discuss the issue and provide a resolution.

Financial Data

Table 3-2 presents ITD's actual expenditures for 2003 and 2004, as well as the budgeted expenditures for 2005.

Table 3-2: ITD Expenditures

Appropriation Account	Actual 2003	Actual 2004	Percent Change	Budgeted 2005	Percent Change
Salaries and Wages	\$135,186	\$146,963	8.7%	\$149,500	1.7%
Personnel Benefits	\$40,116	\$35,972	(10.3%)	\$47,200	31.2%
Communications	\$9,044	\$6,229	(31.1%)	\$8,600	38.1%
Professional Services	\$6,825	\$13,914	103.9%	\$15,000	7.8%
Print/Reproduction	\$8,874	\$8,132	(8.4%)	\$9,200	13.1%
Office Supplies	\$2,526	\$1,585	(37.3%)	\$2,800	76.7%
Operating Supplies	\$15,092	\$5,612	(62.8%)	\$15,200	170.8%
Miscellaneous Expenditures	\$2,378	\$1,752	(26.3%)	\$2,550	45.5%
Total	\$220,041	\$220,159	0.1%	\$250,050	13.6%

Source: City of Twinsburg Finance Department

Explanations for significant expenditure variances in **Table 3-2** include the following:

- Salaries and wages increased 8.7 percent from 2003 to 2004 primarily due to sick leave payouts, and routine salary and step increases.
- Personnel benefits decreased 10.3 percent from 2003 to 2004, and are projected to increase in the 2005 budget. The decrease is due to the transfer of an ITD employee to another department. The increase in the budget is due to the healthcare provider anticipating an increase of approximately 25 percent. Personnel benefits will also be discussed within the **human resources** section of this report.
- Professional services increased 103.9 percent from 2003 to 2004 due to the Department being assessed a full year of lock box service fees. Lock box services were initiated during 2003.

Key Statistics and Indicators

Key statistics and information relating to operations of the City's ITD and the peers are shown in **Table 3-3** through **Table 3-5**. Comparative analyses and assessments performed throughout this section include information from these tables.

Table 3-3 compares Twinsburg's collection percentage for withholdings, business (net profit), and individual collections to those of the peers in tax year 2003.

Table 3-3: Income Tax Collection Statistics and Ratios¹

2003 Collections	Twinsburg		Avon Lake		Solon		Stow		Peer Average	
	Collection		Collection		Collection		Collection		Collection	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Withholding	\$14,090	80.3%	\$5,462	80.8%	\$22,224	78.9%	\$7,596	67.7%	\$11,761	76.4%
Business	\$1,942	11.1%	\$324	4.8%	\$2,970	10.5%	\$981	8.7%	\$1,425	9.3%
Individual	\$1,504	8.6%	\$977	14.4%	\$2,970	10.5%	\$2,648	23.6%	\$2,198	14.3%
Total Collections²	\$17,536	100.0%	\$6,763	100.0%	\$28,164	100.0%	\$11,225	100.0%	\$15,384	100.0%

Source: City of Twinsburg and peer income tax departments

¹ Amounts are shown in thousands.

² Total collections amounts and percents do not total exactly due to rounding.

Table 3-3 illustrates that for tax year 2003, Twinsburg's percentage of collections attributable to withholdings and businesses were the second highest and the highest, respectively, when compared to the peers. Consequently, the City's percentage of collections attributable to individuals is the lowest of the peers. Although the level of business and commercial development in each city can affect these percentages, the City's lower percentage of individual collections could also be due to its relatively higher percentage of non-filers (see **F3.2**) and limited use of taxpayer identification methods (see **F3.3**).

Table 3-4 shows key provisions of Twinsburg's income tax ordinance compared to the peer cities.

Table 3-4: Comparison of Ordinances

Year 2003	Twinsburg	Avon Lake	Solon	Stow
Tax Rate	2.0%	1.5%	2.0%	2.0%
Credit allowed for taxes paid to another municipality	Full Credit: 100% up to 2.0% paid to others	Full Credit: 100% up to 1.5% paid to others	Full Credit: 100% up to 2.0% paid to others	Full Credit: 100% up to 2.0% paid to others
Mandatory filing	Yes	Yes	Yes	Yes
Allow individual and joint returns	Yes	Yes	Yes	Yes
Monthly withholding remittance requirements	Monthly for withholdings greater than \$100	Quarterly unless the tax deducted is greater than \$250.00 per month, then the remittance is due monthly	Quarterly unless the tax deducted is greater than \$250.00 per month, then the remittance is due monthly	Quarterly unless the tax deducted is greater than \$200.00 per month, then the remittance is due monthly
Minimum filing age	18	16	18	18
Late filing penalty	\$25.00	\$25 for first offense; \$50 for each subsequent offense	None	\$25.00
Late payment penalty for individual and net profit accounts	0.5% per month	1.0% per month or 5.0% of the total tax due, whichever is greater	1.0% per month	1.5% per month
Late payment penalty for withholdings	3.0% per month	10.0% per month	3.0% per month	10% per month
Interest charges	0.5% per month	1.5% per month	1.0% per month	1.5% per month

Source: City of Twinsburg and peer ordinances

As highlighted by **Table 3-4**, Twinsburg's key provisions are similar to the peers for income tax operations. However, the City's late payment penalty and interest charges are lower than the peers (see **R3.4**), with the exception of Solon's late payment penalty for withholdings.

Table 3-5 illustrates key demographic statistics and ratios for the City of Twinsburg and each of the peer cities.

Table 3-5: Demographic Statistics and Ratios

Year 2000	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Population¹	17,006	18,145	21,802	32,139	24,029
Percent of Population with an Active Individual Tax Account	55.2%	48.7%	52.3%	51.1%	50.8%
Number of Individual Tax Accounts	9,390	8,835	11,393	16,408	12,212
Number of Individual Returns Filed (Tax Year 2003)	6,816	8,361	10,501	14,151	11,004
Percent of Population Filing a Return	40.1%	46.1%	48.2%	44.0%	45.8%
Median Household Income	61,638	65,988	78,903	57,525	67,472
Unemployment Rate	1.7%	2.1%	1.1%	2.0%	1.7%
<u>Industrial Percent of Workforce</u>					
Manufacturing	22.0%	18.2%	16.2%	20.1%	18.2%
Retail/Wholesale Trade	17.9%	13.7%	15.8%	16.3%	15.3%
Services	9.0%	12.5%	11.8%	9.1%	11.1%
Education, Health & Social Sciences	19.2%	20.0%	23.3%	22.1%	21.8%
Family Poverty Status	1.6%	1.0%	2.0%	2.9%	2.0%
Over 65	11.2%	11.6%	10.6%	12.0%	11.4%
<u>Housing Status</u>					
Percent Owner	77.3%	87.0%	87.8%	72.1%	82.3%
Percent Renter	22.7%	13.0%	12.2%	27.9%	17.7%
Housing Occupancy Status	96.7%	96.8%	96.8%	95.8%	96.5%

Source: City of Twinsburg and peer income tax departments

¹Population provided by the US Census Bureau

As shown in **Table 3-5**, Twinsburg has the highest percentage of population with an active tax account. However, the percentage of the population actually filing an individual return is the lowest of the peers (see **F3.2**). In addition, Twinsburg's demographic statistics are comparable to the peers, although its workforce is slightly more concentrated in manufacturing and retail/wholesale trade. Furthermore, its percent of renter occupied housing is significantly higher than two of the peers, which may make it more challenging for ITD to enforce collections. Nevertheless, Stow's percentage of the population filing a return is higher than Twinsburg's, even though its percent of renter occupied housing is higher.

Assessments Not Yielding Recommendations

In addition to the analyses completed in this report, assessments were conducted on the functionality of technology used by ITD. The existing software appears to meet the current needs of the Department, allowing for efficient and effective income tax collections, accurate historical record maintenance, and additional delinquency processing capabilities. As a result, no further analysis regarding purchasing or upgrading of software was required. However, ITD does not appear to be fully using the functions and benefits of its technology (see **R3.5**).

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit for ITD:

Taxpayer Identification/Enforcement: ITD has tried to improve some of its enforcement and taxpayer identification methods, despite its minimal staffing levels. For instance, the Income Tax Administrator wrote a letter to the Building Commissioner asking that contractors and sub-contractors not be allowed to obtain building permits until a tax identification number is on file with the ITD. The Income Tax Administrator began working with the Building Department to establish a list of contractors violating Ordinance 181.07 and has been attempting to enforce collections by not allowing contractors to obtain new permits. Furthermore, ITD has been using the Summit County Auditor's Public Access Web Site (PAWS) to identify new tenants.

Delinquency Prosecutions: Although the City indicated it has never prosecuted a delinquent tax case in the past, the City contacted Cuyahoga Falls Municipal Court to set aside half of one day each month for the Court to hear and process the City's delinquent tax cases. The City is in the process of finalizing the details of its delinquency prosecution program.

Findings and Recommendations

Staffing Levels and Organizational Structure

F3.1 ITD's current staffing level of 2.0 FTEs appears insufficient to operate effectively and increase income tax revenue through better identifying taxpayers and enforcing collections. The Department is authorized with 3.0 FTEs. However, during 2004, 1.0 FTE transferred to another department, leaving 1.0 FTE tax staff and 1.0 FTE tax administrator. During 2005, ITD has employed a temporary filing clerk for 25 hours per week to help maintain tax files and keep them current. Since this position is temporary, it was excluded from this staffing analysis. **Table 3-6** presents the personnel and total cost per account, and accounts per FTE for the City and the peers. In addition, **Table 3-6** includes the 3.0 FTE budgeted positions that the City has historically maintained.

Table 3-6: General Operational Statistics and Ratios for Tax Year 2003

	Twinsburg	Avon Lake ¹	Solon	Stow	Peer Average
Population	17,006	18,145	21,802	32,139	24,029
Net Profit Accounts	2,513	751	3,013	2,139	1,968
Withholding Accounts	1,929	879	2,525	2,041	1,815
Individual Accounts	9,390	8,835	11,393	16,408	12,212
Total Tax Accounts	13,832	10,465	16,931	20,588	15,995
Total Department FTEs	3.0	N/A	5.0	5.0	5.0
Total Personnel Costs²	\$175,302	N/A	\$264,125	\$367,822	\$315,974
Personnel Cost per FTE	\$58,434	N/A	\$52,825	\$73,564	\$63,195
Accounts Processed per FTE	4,611	N/A	3,386	4,118	3,752
Total Returns Filed	10,206	N/A	15,475	17,638	16,557
Returns Filed per FTE	3,402	N/A	3,095	3,528	3,311
Personnel Cost per Account	\$12.67	N/A	\$15.60	\$17.87	\$16.84
Total Department Costs	\$220,041	\$176,930	\$341,894	\$444,587	\$321,137
Departmental Cost per Account	\$15.91	\$16.91	\$20.19	\$21.59	\$20.08

Source: City of Twinsburg and peer income tax departments

¹ Avon Lake uses an external provider for collections so information for personnel costs could not be compared.

² Personnel costs include salaries, overtime and benefits

Table 3-6 indicates that ITD's personnel cost per account and departmental cost per account were the lowest of its peers. **Table 3-6** also shows that ITD maintains the highest number of accounts per FTE, 23 percent higher than the peer average. The reduction to 2.0 FTE employees results in the Department processing nearly twice the number of accounts per FTE when compared to the peer average. If the ITD continues to operate with only 2.0 FTEs, it may not be able to effectively perform collections activities or increase collections

by pursuing non-filers, processing delinquent accounts, and identifying additional taxpayers (see **R3.2**, **R3.3** and **R3.4**).

Furthermore, while ITD currently processes a similar number of returns per FTE, performing additional activities to identify taxpayers and increase filers would increase the workload of ITD. For instance, if the number of non-filers for both net-profit and individuals was decreased to the peer average of 10 and 24 percent (see **F3.2**), respectively, ITD would increase the number of returns handled per FTE to 4,097 – higher than both peers. However, in order to increase returns filed and active tax accounts, the practices within ITD should be similar to those used by the peers as outlined in **R3.3**. Lastly, if staffed at 4.0 FTEs, ITD would be more comparable to Solon and Stow in personnel cost per account of \$16.00 and total departmental cost per account of \$19.23. The number of accounts and returns filed (assuming ITD decreases the percentage of non-filers as outlined above) with 4.0 FTEs would be 3,458 and 3,073 per FTE, respectively. While these ratios are lower than Stow, they are comparable to Solon. Solon performs more activities to identify taxpayers and has a lower non-filer rate when compared to Twinsburg and Stow (see **F3.2** and **F3.3**).

R3.1 The City should fill the vacant position to return the Department to its historical staffing level of 3.0 FTEs. The additional staff member should help with performing activities to enforce collections and identify taxpayers, preparing tax receipts, reviewing tax forms for accuracy, maintaining the master database of residents, and other duties as assigned. The City should also consider other alternatives, such as hiring temporary help during busy periods. Furthermore, if collection activities are not being effectively performed to achieve the results identified in this performance audit, the City should consider adding an additional part-time or full-time employee.

Financial Implication: ITD's budget includes 3.0 FTEs. If the City hires an additional full-time employee, it would incur costs of approximately \$46,000 annually, including benefits.

Collection Methods and Procedures

F3.2 The City's rate of non-filers is higher than the peers. **Table 3-7** presents Twinsburg's non-filers in tax years 2002 and 2003 (calendar years 2003 and 2004), and compares the percentage of non-filers to the peers.

Table 3-7: 2003 Non-Filers Comparison

	Twinsburg 2002	Twinsburg 2003	Avon Lake 2003	Solon 2003	Stow 2003	Peer Average
Individual Accounts	9,188	9,390	8,835	11,393	16,408	12,212
Individual Non-Filers	1,765	2,574	474	892	2,257	1,208
% of Individual Accounts	19.2%	27.4%	5.4%	7.8%	13.8%	9.9%
Business (Net Profit) Accounts	2,256	2,513	751	3,013	2,139	1,968
Business Non-Filers	417	1,052	N/A ¹	564	693	629
% of Business Accounts	18.5%	41.9%	N/A ¹	18.7%	32.4%	24.4%

Source: City of Twinsburg and peer income tax departments

¹ The number of business non-filers documentation was not available for Avon Lake.

Table 3-7 shows that the percent of non-filers for individual and business accounts for Twinsburg increased considerably from 2002 to 2003. This may be due to computer problems which resulted in individual accounts that normally are not required to file – retirees – to be designated as non-filers. Regardless, the percentage of individual non-filers in Twinsburg is significantly higher than the peer average for both years. Moreover, the percentage of business non-filers more than doubled from 2002 to 2003, and appears to not be affected by the recent computer problems. Therefore, ITD appears to be inconsistently enforcing collections necessary to ensure adequate funding of City-wide operations and services. The last time a non-filer report was produced and reviewed by ITD was in November 2003, which appears to be partially due to the current workload and staffing levels of the Department (see **R3.1**).

By inconsistently reviewing accounts flagged as non-filers, ITD does not know if those accounts should be required to file a return and pay taxes, or if they should no longer be considered active accounts. Consequently, the number of accounts currently identified as “active accounts” may be overstated. This, in turn, could affect some of the performance indicators used in this report. For instance, if the City has a lower number of “active accounts,” the percentage of the population with an active account would be lower than 55 percent (see **Table 3-5**). Nevertheless, implementing various strategies provided in this report would help ITD identify new taxpayers and better enforce collections for currently identified taxpayers. Additionally, ITD does not require residents to file a return if they indicated in the prior year’s return that they had no income or claimed only exempt income with the reason that their income was not taxable. As a result, ITD is not complying with the City’s ordinance requiring each person to file a return, whether or not a tax is due. This could also hinder ITD’s ability to enforce filing and collections when these individuals do earn taxable income, as the Department would not be aware that they earned taxable income unless these individuals decided to file.

R3.2 ITD should review its non-filer accounts to determine if they should file returns and be maintained as active accounts. Subsequently, ITD should follow up with accounts requiring returns to be filed, similar to the process outlined for handling delinquencies (see **R3.4**). ITD should also enforce compliance with the City's mandatory filing requirements. Furthermore, ITD should implement additional measures to improve operations and increase collections. The key recommendations that directly impact the collection of additional revenue include the following:

- Hire one additional employee to help identify taxpayers and enforce collections (pursue non-filers and delinquencies) (see **R3.1**);
- Perform the necessary activities to identify taxpayers (see **R3.3**);
- Actively pursue delinquent accounts and implement uniform procedures for dealing with delinquent accounts (see **R3.4**);
- Fully use the income tax software to help monitor and track key information, such as delinquent account activity (see **R3.5**); and
- Require contractors and subcontractors to establish an income tax account prior to obtaining a permit (see **R3.6**).

If the City is unable to improve operations internally, another option would be to utilize an external contractor to provide income tax management services (see **F3.8** and **R3.8**).

Financial Implication: By increasing the rate of returns filed to the peer average for both individual and net profit accounts, the City of Twinsburg could increase its income tax revenue by approximately \$477,000 (approximately \$137,000 from individual and \$340,000 from net profit) annually, based on the City's average collections per individual and business account. Considering that computer problems appeared to affect the data for individual filers in tax year 2003, this financial implication used the 2002 data for individual filers. By using the average collections per account rather than actual returns filed, this methodology provides a conservative estimate of additional revenues.

F3.3 ITD is not maximizing methods to identify taxpayers and enforce collections. **Table 3-8** presents taxpayer identification methods currently used by Twinsburg and the peers.

Table 3-8: Comparison of Taxpayer Identification Methods

Method	Twinsburg	Avon Lake	Solon	Stow
State Tax File		X	X	
Building and zoning permits	X	X	X	X
Utility Department	X	X		X
Newspaper	X	X	X	
Field Investigation for Contractors		X	X	
High School Graduation Records	X	X		
Tenant Lists	X	X	X	X
Beauty Shop Lists		X		
Lottery Lists	X	X	X	
1099 Misc. Forms	X	X	X	X
Directory Software		X		
Telephone Books		X	X	
Election List		X		
W-2s from employer reconciliations	X	X	X	X
Contractor letters	X	X	X	

Source: Twinsburg and the peer ITDs

As illustrated by **Table 3-8**, Avon Lake and Solon use more methods to identify taxpayers than Twinsburg, including State tax file comparisons, field investigations, review of beauty shop and election lists, and the use of telephone books and directory software. This may explain the lower percentage of individual non-filers in these cities as shown in **Table 3-7** (see **F3.2**). Although ITD uses Engineering and Utility Department reports to help identify potential taxpayers, time constraints and current workloads limit ITD's ability to consistently perform some of these activities (see **F3.1**).

In tax year 2003, 6,816 individuals filed a return with Twinsburg, including both residents and non-residents. The number of individuals filing State income tax returns within Twinsburg's zip code was 9,530 in 2003. However, this includes a number of Twinsburg Township residents and these individuals could not be excluded by the State. When excluding the total number of Twinsburg Township residents over 18 years of age, approximately 7,913 residents of the City filed a return with the State, which is 16 percent higher than the number of individual returns filed with Twinsburg. As a result, the City does not appear to be enforcing its requirement that current taxpayers file and pay taxes, and may not be identifying potential new taxpayers. Additionally, the number of returns actually filed by City residents with the State may differ from 7,913. Some individuals may be exempt from filing a return with State or may file joint returns. These factors would reduce the number of individuals over 18 years of age filing a return with the State, thereby increasing AOS' estimate of returns filed by City residents with the State. However, the State has no age exemptions for filing returns if taxable income is earned, which may mitigate the impact of the previous factors. Lastly, the exclusion of non-residents from the City's number of

individual returns would increase the disparity between the individual returns filed with the City and State.

The State tax file is available to municipalities as a resource to be used in identifying tax payers. According to the software vendor, ITD's current software package allows for easy data comparison between the State tax file and the City's income tax data. If used appropriately (see **R3.5**), data comparisons could be completed within a day or two.

R3.3 ITD should strive to use a broad range of activities to identify taxpayers and ensure that these activities are consistently performed. In addition to continuing current activities, ITD should implement the other taxpayer identification procedures outlined in **Table 3-8**, such as the State tax file, beauty shop lists, election lists, and telephone books. Furthermore, ITD should perform field investigations of contractors and subcontractors to ensure information provided by them is accurate and complete (see **F3.6** and **R3.6**).

Financial Implication: The cost to obtain the State of Ohio tax file from the Ohio Department of Taxation is approximately \$240 annually.

Delinquent Collections

F3.4 Although ITD has not actively pursued delinquent accounts, it has a procedures manual to help guide its delinquency process. The procedures manual stipulates that two letters are to be sent to delinquent account holders as well as completion of a subpoena process. If ITD's efforts fail, the Income Tax Administrator sends a list of delinquent accounts to the Law Director who then contacts the individuals and eventually prosecutes them if the accounts are not cleared. Even though the City has a third letter which indicates that the Law Director will commence a criminal prosecution against the taxpayer's delinquent account, the letters are inconsistent with the City's current procedures. According to the Finance Director and the Tax Administrator, the City has never prosecuted delinquent income tax accounts and the Income Tax Administrator has stopped sending the delinquent account list to the Law Director. The City also pursues delinquent accounts when a non-filer list is prepared and reviewed by the Income Tax Administrator; however, this step has not been consistently performed (see **F3.2**). According to Ordinance 181.08, the City shall collect all taxes imposed together with penalties and interest by suit as other debts of like amounts.

Outstanding delinquencies are presented in **Table 3-9** and delinquencies collected are presented in **Table 3-10**.

Table 3-9: Outstanding Delinquencies

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Total Collections	\$17,535,650	\$6,762,260	\$28,163,901	\$11,224,580	\$15,383,580
Total Delinquencies	\$243,783	\$95,878	\$1,349,630	\$732,166	\$725,891
Delinquency Percentage	1.4%	1.4%	4.8%	6.5%	4.7%
Population	17,006	18,145	21,802	32,139	24,029
Total Delinquencies per Capita	\$14.34	\$5.28	\$61.90	\$22.78	\$30.21
Number of Delinquent Accounts	934	2,218	3,748	802	2,256
Dollar amount of delinquencies per delinquent account	\$261.01	\$43.23	\$360.09	\$912.93	\$321.76
Number of Active Accounts	13,832	10,465	16,931	20,588	15,995
Percent of Accounts Delinquent	6.8%	21.2%	22.1%	3.9%	14.1%

Source: Twinsburg and peer income tax departments

Note: Delinquencies outstanding are as of the following dates: Twinsburg: 12/29/04, Avon Lake: 9/30/04, Solon: 1/4/05, and Stow: 12/21/04.

Table 3-10: Delinquency Collections

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Total Delinquencies Collected	\$95,904	\$46,529	\$345,311	\$145,546	\$179,129
Outstanding Delinquencies	\$243,783	\$95,878	\$1,349,630	\$732,166	\$725,891
Percent of Delinquencies Collected	39.3%	48.5%	25.6%	19.9%	24.7%
Average Amount of Delinquencies Collected per Delinquent Account	\$102.68	\$20.98	\$92.13	\$181.48	\$79.40

Source: City of Twinsburg and peer income tax departments

Note: As the performance audit was initiated during tax year 2003, delinquency collections were obtained through tax year 2002. Also, due to the statute of limitations regarding income tax civil actions and prosecutions of delinquent income taxes, only approximately \$128,000 could still be collected by the City.

According to **Table 3-9**, Twinsburg's total accumulated delinquencies, delinquencies per capita, and percentage of delinquent accounts are lower than the peer average, indicating that Twinsburg does not have a large number of delinquencies. However, the failure to actively pursue non-filers and identify potential taxpayers reduces the population of accounts and corresponding collections that could be delinquent (see **F3.2** and **F3.3**). Furthermore, Avon Lake has a higher collection rate which could be due to stricter enforcement of delinquent accounts through its contract with an external provider. According to the external provider, its subpoena process, followed by formal court appearances, accounts for its collection rate of approximately 48 percent. Stow sends monthly statements/bills to its delinquent accounts. However, ITD does not follow up on its accounts with payment plans until the account is shown as being noncompliant the following year. Solon uses an outside collection agency to pursue delinquent accounts.

In contrast to ITD, the peers are tracking data to appropriately manage and oversee delinquent collections. ITD's less aggressive tracking and monitoring of delinquencies is

due to limited use of its software (see **F3.5**). Moreover, while ITD has some formal procedures to guide the delinquency process, it lacks formal procedures for the following areas suggested by the Internal Revenue Service (IRS):

- Detailed steps involved in appropriately establishing payment plans;
- Standard time frames to determine when various notices should be sent to taxpayers;
- Criteria to determine when and if cases should be referred to prosecution; and
- Guidelines to determine if extensions should be granted.

The failure to actively prosecute and track delinquent tax accounts, and establish and following comprehensive formal procedures to address delinquent accounts may result in the City's loss of potential additional income tax revenue and could establish the perception that it will not prosecute delinquent accounts. Lastly, Twinsburg's late payment penalty and interest charges are lower than the peers (see **Table 3-4**). As a result, the City does not penalize delinquent accounts for noncompliance to the same degree as the peers.

R3.4 The City should regularly provide a list of delinquent accounts to the Law Director or assistant Law Director, who should then actively pursue appropriate actions against noncompliant taxpayers. Actions should be prioritized to minimize the impact of applicable statutes of limitation. In order to encourage compliance prior to referring accounts to the Law Director or Assistant Law Director, the final delinquency letter sent by the Income Tax Administrator should indicate to the recipients that delinquent accounts will be referred to legal counsel for appropriate action, including prosecution. For accounts that have payment plans, ITD should ensure that payments are provided according to the plan, and consider sending periodic reminders/bills to those accounts. Fully using its software functions would help track both compliance with payment plans, as well as other key activities and information for delinquent accounts (see **R3.5**).

ITD also should encompass other key activities and areas involved with the delinquency process within its procedures manual, including those suggested by the IRS. In addition to employing more staff (see **R3.1**), this would help ensure delinquent accounts are effectively pursued and would provide an operational reference tool for income tax staff. As a last resort, and if the above actions prove unsuccessful, the City should consider contracting with a collections agency to pursue delinquencies. If pursuing this option, Twinsburg should employ an appropriate process to select a collections agency and ensure a cost-effective contract and service for the City, similar to when selecting an external provider for all income tax services (see **F3.8** and **R3.8**). Furthermore, the City should consider increasing its late payment penalty and interest charges to be similar to the peers (see **Table 3-4**). Doing so could assist in better enforcing compliance.

Financial Implication: As the City has a high number of non-filers that could affect the number and dollar amount of delinquencies, the financial implication for this recommendation is assumed to be captured in **R3.2**.

Technology Use

F3.5 ITD uses Municipal Income Tax Solution (MITS) software to establish an income tax account history by performing routine data entry to process income tax accounts. However, many of the functions of the software, such as report generation and monitoring of the collections, are not being utilized because of the limited knowledge and time availability of the current staff. The software has the ability to increase revenues by identifying potential taxpayers not previously identified, including renters and other Ohio filers not in Twinsburg's system, by providing an interface with the State tax files. Once taxpayers are identified by the system, the letter writing capabilities can address numerous scenarios using system generated templates, such as step processing for delinquencies which allows for the City to track delinquent accounts. Additionally, statistical management reports are available to help inform City administrators of the current and historical collections, amount and status of refunds, pay plan reporting, individual account reporting, and status of delinquent accounts. MITS also features many customizable reports which the City could use to meet its monitoring needs.

ITD staff received the standard two day training provided by MITS to all municipalities purchasing its software upgrade. However, this may not have been sufficient to address Twinsburg's needs for processing delinquent collections, monitoring current collections, or reporting tax collections to City administrators. Providing additional training to staff to fully use the software capabilities could increase productivity, save time, and help the Department run more efficiently.

R3.5 The City should seek software training for the Income Tax Administrator and the income tax staff. The Income Tax Administrator should ensure that the training is customized to meet the needs of the City, including, but not limited to, delinquency processing, new account identification, and reporting mechanisms.

Financial Implication: Training the current staff for two days would cost \$90 per hour for a total cost of \$1,440.

Governance

F3.6 The City's Building Department issues building permits to contractors even when a business questionnaire is submitted without a complete list of contractor and subcontractor tax identification numbers. Additionally, the questionnaire requires a list of contractors and

subcontractors who need permits and must pay net profit taxes or income tax withholdings to the City, but there are no established penalties for non-compliance with City Ordinance 181.07. During the course of this performance audit, the Income Tax Administrator wrote a letter to the building commissioner asking that contractors and sub-contractors not be allowed to obtain building permits until a tax identification number is on file with the ITD. Avon Lake and Stow require contractors to establish a tax account before a permit is issued.

Establishing through ordinance that an income tax identification number has to be on file prior to the issuance of a building permit would allow ITD to easily obtain all relevant information up-front. This would help avoid the likelihood of losing taxable income earned by the contractors and subcontractors. Enforcement by the Building Department will help ensure that all taxpayers have been identified by the City. During the course of this audit, the Income Tax Administrator began working with the Building Department to establish a list of contractors violating Ordinances 181.07 and has attempted to enforce collections by not allowing contractors to obtain new permits. Additional enforcement efforts could include monitoring of work sites to ensure that all contractors and subcontractors are registered with ITD.

R3.6 The City should enact an ordinance requiring contractors and subcontractors to establish income tax accounts prior to obtaining permits. The ITD and Building Department should continue to work together to enforce this requirement. Additionally, Building Department staff should continue to monitor building sites to ensure that all contractors and subcontractors are registered with the City for building permits.

F3.7 City Ordinance 181.12 establishes a Board of Review consisting of three residents appointed by the Mayor and approved by City Council to approve new tax regulations and hear tax appeals. All rules and regulations adopted by the Tax Administrator must be approved by the Board of Review before they become effective. Ordinance 181.12 was established in accordance with ORC §718.11. According to the City, the last member's term on the board expired at the end of January 2004, thereby affording citizens no avenue to appeal a decision made by the current Tax Administrator. Due to the limited functions the board has performed in the past, this may have been an oversight by the City. However, whenever the Tax Administrator issues a decision regarding a municipal income tax obligation, it is subject to appeal. The Tax Administrator must notify the taxpayer in writing of the decision and the taxpayer's right to file an appeal. In the event that a citizen has an appeal, this oversight could result in a delay in the appeals process to allow the City enough time to establish a functional Board. In the event that there is a delay greater than 45 days, the City would not comply with ORC § 718.11.

R3.7 The City should establish a three member Board of Review to ensure that citizens are provided an avenue to appeal tax decisions. The Board should be prepared to affirm,

reverse, or modify the tax administrator's decision, or any part of that decision, by reviewing all tax ordinances and any new rules and regulations established by the Tax Administrator. Additionally, the Board should keep a record of all transactions.

External Income Tax Management Services

F3.8 As a part of the scope of this performance audit, the City requested that AOS examine the costs and benefits of contracting for income tax management services. There are a number of important considerations in assessing opportunities for external contracting of income tax management services. According to the Institute of Supply Management, some of the steps to be completed when determining the feasibility of contracting out income tax functions or other internal services include:

- Compiling internal cost data such as salaries, benefits, supplies and overhead to set a benchmark or baseline with which to measure a service provider;
- Gathering current benchmark data on average costs for services by using industry standards or peer comparisons which will help evaluate the baseline costs and identify potential cost reduction opportunities; and
- Establishing a range of services, scope of work to be completed, and definition of service level to measure the provider's services and performance.

Based on the completion and evaluation of the steps indicated above, if it appears the City's income tax operations would be better managed by an external provider (see **Table 3-11**), the final step would be to use the baseline, benchmark, and establishment of services and scope as a foundation to prepare a clear and concise request for proposals. Several potential external providers are available who have significant experience in providing income tax management services to governmental units. An increase in income tax collections is one major area of improvement where their expertise and experience could provide positive future results. Another major area is in the performance of activities to track and manage income tax collection activities that the City is not currently performing. Some of the services offered by the providers that could be beneficial to the City include the following:

- Review of Ohio Department of Taxation taxpayer filing lists;
- Review of real estate transfers;
- Comparison of post office address corrections and move outs with taxpayer lists;
- Review of lead source publications for businesses;
- Comparison of City directory with taxpayer lists;
- Use of apartment registration programs (canvassing) to identify new occupants;

- Use of business canvassing programs to identify new startups;
- Regular reporting to municipalities and customized report generation;
- Skip tracing through the credit bureau;
- Processing of MasterCard and Visa payments for delinquencies; and
- On-line registration and filing capability.

However, the following points are important to consider when reviewing the option to contract for income tax services:

- Although there are no standards for determining the number staff to maintain in-house, the City will likely need to assign an individual in the Finance Department to act as a contact person, help monitor the provider's performance, and help with data collection and reporting. For instance, Avon Lake's Finance Director spends some time performing these activities.
- All of the City's current ITD staff is eligible for retirement in 2006.
- Income tax revenue collected is generally distributed by external providers on a monthly basis. If the City wants to negotiate for daily distribution because of cash flow necessities, the City might have to forego interest posted to its account by the external provider. However, the potential additional increase in income tax revenue through the identification of new taxpayers may eliminate the need for daily cash flow.
- Communication links would have to be established between the City and the external provider to ensure information is provided in a timely and effective manner.
- Additional services beyond the core services offered by external providers are an additional cost, but may generate additional tax revenue that offsets the cost.
- The City would need to manage and monitor the contract with the external provider to ensure quality services are being provided.

In addition, according to an external provider, it generally takes a municipality three years to fully realize the provider's collections potential because of the time involved with implementing cross-referencing techniques and the State tax file to identify taxpayers. The external provider also indicated that the length of time necessary to maximize collections depends on the adequacy of the city's records. In Avon Lake, income tax collections

actually decreased in the first full year an external provider began managing income tax operations. However, in the third full year (2000) of contracting for income tax services, Avon Lake's income tax collections increased by 16.7 percent from the prior year, and 7.8 percent from the last full year (1996) that Avon Lake operated with an internal income tax department. From 1996 to 2000, Avon Lake's income tax collections increased an average of 2 percent annually, or approximately \$100,000 per year. Although collections decreased by 2 percent from 2002 to 2003, Avon Lake has the lowest individual non-filer rate and uses the greatest number of methods to identify taxpayers when compared to Twinsburg and the other peers (see **F3.2** and **F3.3**).

Table 3-11 presents a comparative analysis of revenues and expenditures of the City income tax operations under three scenarios:

- Current ITD reflects staffing levels and operations of ITD for tax year 2003, when the City maintained 3.0 FTEs. The range of costs is based on the actual expenditures in 2004 and the budget for 2005.
- Proposed ITD incorporates the additional revenue and costs associated with implementation of the performance audit recommendations. In addition, this scenario shows the effect of operating with 4.0 FTEs.
- External tax management service assumes a cost equivalent to 1.8 to 2.3 percent of collections, based on a quote from the external provider that met with the City in March 2004. While the external provider's proposal does not detail all of the services that will be provided for the City, the provider indicated that this quote includes costs for all services except its subpoena program, which is \$8 per subpoena. In addition, this rate is in line with preliminary information obtained from an additional service provider. This scenario also assumes that the provider generates a level of revenue at quoted collection amounts and the City maintains up to one full-time employee to function as the intermediary between the City and provider.

Table 3-11: In-House Income Tax Operations vs. External Provider

	Current ITD	Proposed ITD using Recommendations	External Tax Management Service
Current Revenues	\$17,535,651	\$17,535,651	\$17,535,651
Expected Additional Revenue	N/A	\$477,000	\$86
Total Revenue	\$17,535,651	\$18,012,651	\$17,535,737
Cost of Services	\$220,000 to \$250,000	\$220,000 to \$250,000	\$319,000 to \$406,000
Cost of Additional Personnel	\$0	\$46,000	\$0 to \$46,000
Cost of Additional Training	\$0	\$1,440	N/A
Cost to Purchase State Tax File	\$0	\$240	N/A
Total Costs	\$220,000 to \$250,000	\$267,680 to \$297,680	\$319,000 to \$452,000
Net Available Revenue	\$17,285,651 to \$17,315,651	\$17,714,971 to \$17,744,971	\$17,083,737 to \$17,216,737

Source: City of Twinsburg and outside service providers

According to **Table 3-11**, the current ITD operations appear slightly more cost effective when compared to an external provider, while improving internal income tax operations appears the most cost effective for the City. However, the revenue estimates are dependent on ITD's ability to implement improvements as discussed throughout this report. Additionally, as the revenues are estimated, the amounts actually collected by ITD may differ than those shown in **Table 3-11**. Although the external provider indicates that it performs numerous activities to identify taxpayers and enforce collections, its revenue estimate is similar to the City's current collections. Assuming an annual contract cost of approximately \$319,000 and no costs for additional personnel at the City, an external provider would have to increase collections by 3 percent annually to be as cost effective as an improved internal income tax department. Furthermore, the external provider's cost per account for Twinsburg would be at least \$23.06 based on the current cost estimates, which is considerably higher than the cost per account at Avon Lake of \$16.91.

R3.8 The City should carefully consider whether to maintain an in-house income tax operation or contract with an external provider. If the City decides to retain income tax services, it should fill the vacant position, implement a succession plan to help address the retirement of key personnel (see **human resources** for more information), and work to implement the performance audit recommendations and other strategies to improve operations and subsequently increase revenue.

If the City decides to outsource income tax services, it should ensure that the external provider's cost and revenue estimates are accurate and reliable, and attempt to negotiate lower costs. Moreover, the City should question the current proposal's revenue estimate to determine if it accounts for the time lag that may be necessary to maximize collections, and whether collections will actually decrease in the first years with the provider. This is particularly important because the external provider claims to use comprehensive taxpayer

identification and enforcement methods, which are assumed to increase collections. The City should also establish a range and scope of services to be provided and include them in the contract to maximize the benefits of contracting with an external provider. In addition, the City should establish an acceptable service level and performance benchmarks (e.g., annual increases in collections) to ensure the provider is delivering efficient and effective services. Finally, the City should assign the responsibilities of monitoring the external provider's performance, overseeing the contract, and acting as the primary contact, to one of its employees.

Financial Implications Summary

The following table summarizes the estimated revenue enhancements and implementation costs for this section. Only recommendations with quantifiable financial implications are listed.

Summary of Financial Implications for Income Tax

Recommendation	Revenue Enhancement (Annual)	Implementation Cost (One Time)	Implementation Cost (Annual)
R3.1 Hire 1.0 FTE			\$46,000
R3.5 Provide additional software training		\$1,440	
R3.3 Obtain data from State tax file			\$240
R3.2 Improve internal operations	\$477,000		
Total	\$477,000	\$1,440	\$46,240

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Service Department

Background

This section of the performance audit focuses on the City of Twinsburg's Service Department (Twinsburg SD or the Service Department) functions. Twinsburg SD is responsible for the care and upkeep of City roads and services. Comparisons are made between Twinsburg SD and peer service departments in Avon Lake, Solon and Stow.

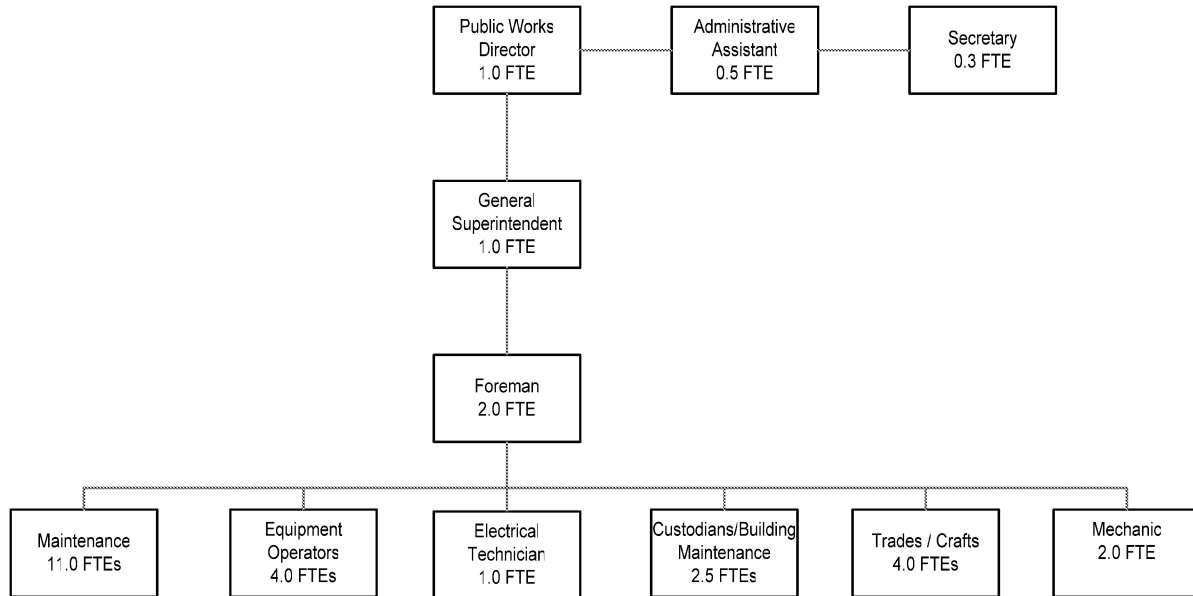
The following questions were used to guide the review of Twinsburg SD:

- Are current staffing levels appropriate for services provided by the Department?
- Are overtime and leave use comparable to the peers and other applicable benchmarks?
- Does the Department utilize cost effective processes that ensure quality services for road repairs and maintenance, street sweeping, and snow and ice control?
- Are there services that the Department can contract for, particularly for road maintenance and snow removal?
- Does the Department have an effective planning process in place for replacement of capital and other equipment?
- Does the Department adequately and efficiently maintain and repair the City's vehicles to meet operational needs? Is the size of the City's fleet appropriate?
- Does the Department have adequate and appropriate technology systems in place to manage and track work orders and requests? Can the department improve operational efficiency by better using current technology, and/or does the Department need to purchase/upgrade current technology to improve operational efficiency?

Organizational Chart

Chart 4-1 provides an overview of the Twinsburg organizational structure and staffing levels. All positions are shown as full-time equivalents (FTEs) devoted to the Service Department, and include vacancies. The full-time Public Works Director devotes approximately 50 percent of his time to the Service Department and the remaining time to other public works activities (e.g., wastewater). The full-time Administrative Assistant and part-time Secretary split their time evenly between the Service Department and Wastewater Department.

Chart 4-1: Twinsburg Service Department



Source: Twinsburg SD Organizational Chart

Organizational Functions and Summary of Operations

The primary responsibility of Twinsburg SD is to maintain the City’s infrastructure, including 176 lane miles of road within the City. A lane mile is defined as the number of lanes times the lane length in miles. The major responsibilities of the Twinsburg SD include: snow and ice control; pothole patching; crack sealing; leaf collection; trenching; roadside landscaping; electrical repair and installation; and repairs and preventative maintenance for the majority of the 112 city-owned vehicles.

Under the current organizational structure, the Public Works Director oversees the daily operation of the Service Department. The following staff members perform additional service related duties:

- **General Superintendent:** Reports to the public works director, and supervises and coordinates the daily activities of Service Department employees.
- **Foremen:** Provide on-site supervision for employees who perform street maintenance and repair work, snow and ice control, and roadside maintenance.

- **Administrative Assistant:** Responsible for entering payroll information into the Kronos system, logging and entering purchase orders, fielding calls from citizens regarding work orders, and handling accounts payable information for the Service Department.
- **Secretary:** Provides assistance to the administrative assistant on a part-time basis. Completes filing duties, tracks all utility bills for the City, and calculates fuel usage by other city departments.
- **Maintenance and Equipment Operators:** Responsible for road repairs and maintenance, snow and ice control, street cleaning, and other labor-related functions. These employees also drive trucks and install road signs. Additionally, the equipment operators are responsible for operating heavy equipment including the bulldozer, backhoes and a vactor.
- **Electrical Technician:** Completes electrical repairs throughout the City, maintains traffic signals and road lighting, and responds to all emergency electrical problems.
- **Custodians/Building Maintenance:** Custodians are responsible for cleaning City Hall, the Police Department, the Service and Wastewater Building, and the Parks and Recreation Building. The Building Maintenance Coordinator is responsible for the daily maintenance of City Hall, Fire and Police Departments, and the Senior Center.
- **Trades/Crafts:** Responsible for completing carpentry, electrical, plumbing, welding and other trade skills.
- **Mechanics:** Provide preventative maintenance and repair activities for all City vehicles except for Parks and Recreation and vehicles dedicated to fire prevention. The mechanics are also responsible for maintaining service equipment.

Financial Data

Table 4-1 presents Twinsburg SD actual expenditures for 2003 and 2004, as well as the budgeted expenditures for 2005.

Table 4-1: Twinsburg Service Department Expenditures

Description	2003 Actual	2004 Actual	Percentage Change 2003-2004	2005 Budgeted	Percentage Change 2004-2005
Personnel Services ¹	\$1,765,293	\$1,838,383	4.1%	\$1,855,000	0.9%
Material and Supplies ²	\$85,591	\$93,176	8.9%	\$128,750	38.2%
Contracted Services ³	\$862,487	\$809,297	(6.2%)	\$875,000	8.1%
Equipment ⁴	\$78,982	\$103,151	30.6%	\$107,500	4.2%
Utilities	\$99,454	\$111,584	12.2%	\$120,000	7.5%
Repairs and Maintenance	\$165,399	\$170,899	3.3%	\$185,000	8.3%
Other ⁵	\$58,419	\$65,740	12.5%	\$111,000	68.8%
Total	\$3,115,625	\$3,192,230	2.5%	\$3,382,250	6.0%

Source: City of Twinsburg

¹ Personnel Services includes salaries, wages and benefits.

² Materials and Supplies include clothing allowance, printing, office supplies, and operating supplies.

³ Contracted services include refuse collection and professional services which the City currently contracts.

⁴ Equipment includes small tools and minor equipment, and maintenance equipment.

⁵ Other includes insurance and bonding, communications, travel, and rents and leases.

As shown in **Table 4-1**, total 2004 expenditures for Twinsburg SD were nearly \$3.2 million, an increase of 2.5 percent from the previous year. The budgeted amount for 2005 is nearly \$3.4 million, an increase of six percent from 2004 expenditures. Explanations for significant annual variances include the following:

An increase in Materials and Supplies for 2004 and an increase in the 2005 budget: The 8.8 percent increase for 2004 is attributed to increased salt usage due to several substantial storms. In addition, Twinsburg SD has additional expenditures for landscaping work due to several utility projects completed in 2004 and for expected work in 2005.

A decrease in contracted services for 2004 and an increase in the 2005 budget: The decrease in contracted services for 2004 was due to Twinsburg SD renewing its refuse contract, which resulted in a reduction in the refuse collector's price per household. Refuse collection rates are based on the number of households located in the City. The increase in the budgeted amount for 2005 was attributed to new construction which has occurred in the City.

An increase in equipment for 2004: Twinsburg SD hired a tree company to remove several large trees located in the City cemetery. In addition, Ohio Edison completed light repair work throughout the City in 2004. Twinsburg SD did not incur costs for either of these projects in 2003.

An increase in utilities for 2004 and an increase in the 2005 budget: The increases in 2004 and the 2005 budget are attributed to rising utility rates.

An increase in Other expenditures for 2004 and an increase in the 2005 budget: The increase in 2004 was due to increased expenditures for auto insurance premiums and general liability

coverage. The increase in the 2005 budget is due to the cost of leasing a street sweeper and backhoe to complete Service Department duties.

Analyses Not Yielding Recommendations

In addition to the analyses in the report, the following assessment was conducted within the Twinsburg SD that did not warrant changes and did not yield any recommendations.

- **Contracting for Road Maintenance and Snow Removal:** Similar to Twinsburg, the peers perform road maintenance and snow removal with in-house staff, with the exception of Stow which contracts for crack sealing, road striping, and paving. Twinsburg SD appears to be adequately maintaining and servicing the City's roads, as indicated by its favorable road condition ratings (see **F4.6**).

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit for Twinsburg SD:

- **Overtime Usage:** Twinsburg SD's overtime expenditures as a percentage of salaries were considerably lower than two of the three peers in 2003 and 2004. In addition, Twinsburg SD decreased its overtime expenditures as a percentage of salaries by 53.4 percent from 2003 to 2004, due primarily to an increase in the number of staff per snow plow shift from four to six employees. When the Department had four employees on each snow fall shift, heavy snow accumulation required additional staff to be "called-in." As a result of these "call-ins", Twinsburg SD incurred additional overtime costs.
- **Salt Usage:** Prior to the 2004-2005 winter season, the Service Department installed measures to reduce salt usage. At the beginning of the winter season, all salt spreaders were calibrated to optimum salt settings. In addition, during the season, foremen were assigned to follow the snow trucks to determine if the correct amount of salt was being dispersed. The foremen also implemented a rating system which classifies the severity of the storm. Based upon the rating of the storm, foremen may instruct snow plow operators to re-calibrate the salt settings on their trucks. As a result of these strategies, Twinsburg used 10,266 total tons of salt during the 2004-05 winter season, representing a 6.3 percent decrease from 2003-04. According to the Public Works Director, this decrease resulted in a cost savings of approximately \$67,000 for the 2004-05 winter season, as of March 17, 2005. The decrease would have likely been greater if the snowfall during 2004-05 was similar to 2003-04. For instance, snowfall increased from 91.2 inches in 2003-04 to 105.5 inches in 2004-05 (as of April 4, 2005) in Cleveland. Snowfall data for Twinsburg was not available.

- **Crack Sealing:** As shown in **Table 4-8**, Twinsburg SD completes crack sealing more frequently than any of the peers. As a result, Twinsburg SD is increasing the service life of city roads. According to *usroads.com*, filling or sealing pavement cracks to prevent water from entering the road base helps limit the formation of potholes. It is estimated that crack sealing can extend pavement life by three to five years. When water is kept out, pavement deterioration is slowed. Therefore, an effective crack sealing system can be regarded as an economical maintenance technique which helps to ensure the quality of roads.

Findings and Recommendations

Staffing and Service Levels

F4.1 Twinsburg SD employs more staff per lane mile than two of the peers, but performs more services than any of the peers. **Table 4-2** compares staffing levels at Twinsburg SD to peer service departments and **Table 4-3** shows key staffing indicators for Twinsburg SD and peer cities.

Table 4-2: Staffing Comparison

Classifications	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Director/Superintendent/ Supervisors	1.5	1.0	5.7 ¹	3.0	3.2
Foreman	2.0	1.0	0.0 ²	3.0	1.3
Secretarial/ Support Staff	0.8	1.0	4.0	4.0	3.0
Maintenance	11.0	18.0	15.1 ³	11.0	14.7
Equipment Operators	4.0	5.0	5.0	1.0	3.7
Electrical Technician	1.0	0.5	1.0	2.0	1.2
Custodians/Building Maintenance	2.5	0.5 ⁴	0.8 ⁵	2.0	1.1
Trades / Crafts	4.0	0.0 ⁶	4.0	4.0	2.7
Mechanic	2.0	3.0	7.0	3.0	4.3
Seasonal Staff	Yes	Yes	Yes	Yes	N/A
Total	28.8	30.0	42.6	33.0	35.2

Source: City of Twinsburg and peers public works departments

Note: Includes vacant positions that plan to be filled for Twinsburg and the peers.

¹ Director of Service is responsible for managing fleet maintenance, city services and solid waste. Since solid waste is not within the scope of the audit, it was estimated that he spends 70 percent of time on fleet maintenance and city services duties.

² Foremen duties are performed by the supervisors in Solon.

³ Some of the Service Worker's perform refuse collection. As approximately 11 percent of charged hours were for rubbish collection, the 17 service workers performing rubbish collection will be counted as 15.1 FTEs for this comparison.

⁴ Custodial work is contracted out. Building maintenance work is completed by the electrical technician (utility man).

⁵ Custodial work is mainly contracted out. The Service Department has one part custodian who works 32 hours per week. Building maintenance is completed by an electrician, carpenter, and service worker.

⁶ Work is completed by equipment operators and laborers.

Table 4-3: Service Department Indicators

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Supervisors ¹	3.5	2.0	5.7	6.0	4.6
Staff	25.3	28.0	36.9	27.0	30.6
Total FTEs	28.8	30.0	42.6	33.0	35.2
Population ²	17,006	18,145	21,802	32,139	24,029
FTEs Per 1,000 Residents	1.7	1.7	2.0	1.0	1.5
Lane Miles	176 ³	145	385	327.5	285.8
Lane Miles per FTE	6.1	4.8	9.0	9.9	8.1
Span of Control	1:7.2	1:14	1:6.5	1:4.5	1:6.7

Source: City of Twinsburg and peers public works departments

¹ All foremen are considered to be supervisors because they perform more supervisory duties than labor related functions.

² United States Census Bureau, 2000

³ Twinsburg's Service Department is not responsible for maintaining 20 miles of I-480 which accounts for the lane mile difference between Twinsburg SD and the Engineering Department. Twinsburg's Engineering Department does have responsibilities with I-480.

As shown in **Table 4-3**, Twinsburg has 28.8 FTEs, which is 22.2 percent less than the peer average of 35.2 FTEs. Additionally, Twinsburg employs a number of employees per 1,000 residents comparable to Avon Lake and Solon. However, Twinsburg SD maintains 24.7 percent fewer lane miles per FTE than the peer average. Considering that Twinsburg SD's span of control is higher than Solon and Stow, the number of non-supervisory staff is primarily contributing to the lower number of lane miles per FTE.

Because differences in services can affect staffing levels and corresponding workload indicators, **Table 4-4** compares services performed by Twinsburg SD and the peers.

Table 4-4: Peer Comparison of Services Performed by Service Departments

Types of Services	Twinsburg	Avon Lake	Solon	Stow
Snow and Ice Control	Yes	Yes	Yes	Yes
Street Sweeping	Yes	Yes	Yes	Yes
Catch Basin Repair	Yes	Yes	Yes	Yes
Cemetery Burials	Yes	No ¹	Yes	Yes
Vacant Lot Maintenance	Yes	No	Yes	Yes ²
Leaf Collection	Yes	Yes	Yes	Yes
Ditching	Yes	Yes	Yes	Yes
Sign Making	Yes	No ³	Yes	Yes
Tree Maintenance	Yes	Yes	Yes	Yes ⁴
Sidewalks	No ⁵	No ⁶	Yes ⁷	Yes
Pothole Patching	Yes	Yes	Yes	Yes
Fence Repairs	Yes	Yes	Yes	No ⁸
Paving	Yes ⁹	No	Yes ¹⁰	No ⁸
Road Striping	Yes	Yes	No ⁸	No ⁸
Crack Sealing	Yes	Yes	Yes	No ⁸
Electrical	Yes	Yes	Yes	Yes
Cleaning/Building Maint.	Yes	No ¹¹	No ⁸	Yes
Residential Storm Ditch Piping	Yes	Yes	Yes	Yes
Sanitary Sewer Line Repair	Yes	No ¹²	Yes	No ¹³
Holiday Decorating	Yes	Yes	Yes	Yes
Traffic Signal Repair	Yes	Yes	Yes	Yes
Roadside Landscaping	Yes	Yes	Yes	Yes
Community Event Assistance	Yes	No	Yes	Yes

Source: Twinsburg Public Works Department and peers

¹ The City does not have any vacant cemetery space.

² Performed on City property only.

³ The Service Department completes an inventory of all signs in the City. Actual sign making duties are contracted out.

⁴ Performs removal of trees and roots which have destroyed sidewalks.

⁵ Sidewalk repair is only performed if an infrastructure problem can be identified and is contributing the demise of the sidewalk.

⁶ The engineering department reviews sidewalk conditions, and this work is contracted out.

⁷ Solon's service department completes a "spot review" of any immediate hazards.

⁸ This work is contracted out.

⁹ Twinsburg has completed paving projects but does not perform these duties frequently. Most paving consists of road repair.

¹⁰ Solon only completes "block patching" of areas that have the greatest need. Solon will not repair the entire surface of the road.

¹¹ Custodial work is contracted out. Building maintenance completed by electrical technician (utility man).

¹² Work is completed by the Utility Department

¹³ Work is completed by Summit County Environmental Services

Table 4-4 indicates that Twinsburg SD performs 22 out of 23 functions, the highest of the peers. Although this may partially contribute to Twinsburg SD maintaining the second lowest number of lane miles per FTE, Solon performs 21 of the 23 activities while maintaining 48 percent more lane miles per FTE than Twinsburg SD. Additionally, Stow maintains 63 percent more lane miles per FTE than Twinsburg SD. This represents a considerable disparity in lane miles per FTE that may not be entirely due to Stow performing fewer functions than Twinsburg SD.

As road repair and maintenance, street cleaning, and snow and ice control are the primary services correlated to lane miles, the operational efficiency in these areas could affect the comparison of lane miles per FTE (see **F4.6**, **F4.5**, **F4.3**). Furthermore, in some cases, Twinsburg SD does not use its work order system to track and compile key workload drivers (see **F4.12**), thereby hindering its ability to measure performance and justify staffing levels. This also prevents the City and Twinsburg SD from comparing the costs of performing activities internally versus contracting for services. For instance, Twinsburg SD employs 11 more FTEs per lane mile than Stow, which is the peer that contracts for the most services. In addition, Twinsburg SD employs 1.5 FTE custodians to clean certain buildings, while Avon Lake and Solon contract for cleaning services. Solon also employs 0.8 FTE to clean a portion of one building. Although Twinsburg SD's salary and benefit costs per square foot (\$0.87) are 18 percent less than Avon Lake's contractor costs per square foot (\$1.03), they are 40 percent higher than Solon's contractor costs per square foot for certain buildings. The contractor charges Solon a daily cleaning rate, which differs per building. According to the Public Works Director, Twinsburg SD previously contracted for custodial services. However, due to cost and service delivery issues, the City decided to cease contracting for services and hired staff to perform custodial functions.

Currently, Twinsburg SD has three vacancies in its maintenance classification. By not filling these three vacancies, and assuming Twinsburg SD hires a full-time mechanic (see **R4.8**), Twinsburg SD would maintain 6.6 lane miles per total FTE and 14.7 lane miles per maintenance / equipment operator FTE. These ratios are still less than the peer averages of 8.1 and 15.6, respectively. Moreover, these adjusted ratios would be significantly less than Solon and Stow. Maintenance and equipment operator staffing levels appear more correlated to lane miles than the other classifications, as they perform the activities for road repairs and maintenance, snow and ice control, and street cleaning.

R4.1 The Service Department should fully utilize its Microsoft Access database to track key workload measures and assess performance. As part of this effort, Twinsburg SD should establish and maintain a fully functioning work order system that tracks data for specific functions (e.g., number of potholes patched) and tracks the amount of time employees spend completing activities. This would help to ensure that staffing levels are adequate and provide Twinsburg SD with management information that can be used to track progress, measure operational efficiency, and determine whether to contract for certain services. Using the work order system in the above manner would also enable Twinsburg SD to better quantify and measure the effect of services that it provides above and beyond its core functions (road repairs and maintenance, snow and ice control, and streets cleaning). (See **R4.12** for more information about a work order system.)

In addition, Twinsburg SD should consider not filling the three vacant maintenance positions. Even with three fewer staff, Twinsburg SD would maintain significantly fewer

lane miles per FTE than Solon and Stow. This reduction should retain sufficient staffing to adequately service the City's roads and infrastructure, maintain its currently favorable road condition ratings (see **F4.6**), and perform the additional services not conducted by the peers. Improving operational efficiency in various activities would further enable Twinsburg SD to operate with three fewer staff (see **R4.4**, **R4.5** and **R4.6**). Lastly, if Twinsburg SD decides to again contract for custodial services, it should use a competitive process to select a contractor and establish acceptable service levels to ensure the contractor delivers quality services (see **F3.8** and **R3.8** in the **income tax** section for additional information about contracting for services).

Financial Implication: Based on the average maintenance employee salary of \$36,829 and assuming 28 percent for benefits, the City could realize a cost avoidance of approximately \$141,000 annually by not filling the three vacant maintenance positions. Additionally, if the City reduces its custodial staff by contracting for custodial services and achieves an average cost per square foot similar to Solon, it would save approximately \$16,000 annually.

F4.2 Twinsburg SD uses a high amount of sick leave. **Table 4-5** compares Twinsburg SD sick usage with applicable state sick leave averages.

Table 4-5: Sick Leave

	2002	2003	2004	3 Year Average
Total Service Department Sick Hours Taken ¹	3,083.9	1,033.0	3,070	2,395.7
Total Hours Taken Per Employee ²	118.6	44.9	105.8	89.8
State AFSCME Average Sick Leave Hours Taken Per Employee	61.6	59.0	58.3	59.6
State Union Average ³	56.9	54.7	53.7	55.1

Source: City of Twinsburg Service Department

Note: The State data includes all instances where sick leave is used, including payouts at retirement and separation. As the State data does not differentiate between usage type, Twinsburg SD's data includes retirement payouts. However, sick leave incentive payouts were excluded from Twinsburg SD's data.

¹ The sick leave hours were obtained from a yearly payroll report from Twinsburg's Finance Department

² The number of employees was obtained from the Service Department. These numbers include only full-time employees.

³ The State Union Average is comprised of the following unions: AFSCME, District 1199, SCOPE/OEA, UFCW, Unit 01, FOP2, Unit 15, Exempts

As shown in **Table 4-5**, Service Department employees have used 50.7 percent more sick leave per employee than the three year AFSCME average. Twinsburg SD employees are represented by AFSCME. In addition, each Service Department employee used 63 percent more sick leave when compared to the three year state union average, which appears to be due to ineffective monitoring and enforcement. High amounts of sick leave usage can reduce the productivity of the department.

R4.2 The Public Works Director should work with the HR director to address the Department's high use of sick leave, beginning with determining the reasons for increased absenteeism. For more information about sick leave, see the **human resources** section.

Snow and Ice Control, Street Sweeping and Road Repairs and Maintenance

F4.3 For the 2003-04 winter season, Twinsburg SD used more salt and vehicles than the peers, but assigned sufficient staffing to handle heavy snowfall events. Additionally, it spent slightly more per ton of salt purchased when compared to the Ohio Department of Transportation's (ODOT) Cooperative Purchasing Program. **Table 4-6** presents key snow and ice control indicators for Twinsburg and the peers.

Table 4-6: Snow and Ice Control Indicators

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Number of Snow and Ice Control Trucks used for Plowing Lane Miles	16	17	20	14	17.0
Number of Routes	6	4	28	6	12.7
Lane Miles	176	145	385	327.5	285.8
Average Lane Miles per Route	29.3	36.3	13.8	54.6	22.5
Number of Employees Plowing Snow Per Routine Event	6	6	18	9	11
Number of Employees Plowing Snow Per Route, Per Routine Event	1	1.5	.6	1.5	0.9
Number of lane miles per employee	29.3	24.2	21.4	36.4	27.3
Number of Lane Miles per vehicle	11.0	8.5	19.3	23.4	16.8
Number of Vehicles Per Route	2.7	4.3	0.7	2.3	1.3
Tons of Salt Used, 2003/2004 Season	10,958	3,576.3	14,501	12,802 ¹	10,293.1
Tons of Salt Used Per Lane Mile	61.3	24.7	37.7	39.1	36.1
Price Paid Per Ton of Salt 2003/2004 Season	\$35.27 \$32.52 ² \$31.79 ³	\$31.77 ⁴	\$30.41 per ton ⁴	\$31.88 per ton ⁴	\$31.35 per ton

Source: City of Twinsburg and peers.

¹ Stow tracks salt used on an annual basis, this number is from 2004.

² In order to provide a reliable comparison to peers, this excludes the \$2.75 conveyance fee per ton.

³ This excludes the \$2.75 conveyance fee per ton and the \$50.50 per ton purchase.

⁴ This amount is for dumping of salt.

Table 4-6 shows that Twinsburg allocates the second lowest number of employees per route and its employees maintain the second highest number of lane miles per FTE. According to David Ammons in *Municipal Benchmarks*, snow plowing standards indicate that a one person crew should be able to plow 4.9 lane miles per hour, or 39 lane miles in an eight hour day, in a normal snowfall. In a heavy snowfall, a one person crew

should be able to plow 3.4 lane miles, or 27 lane miles in an eight hour day. While Twinsburg SD indicated that it will begin tracking data for the 2004-05 winter season, it has not historically maintained records about the number of lane miles their operators plowed in a workday. However, to meet the municipal benchmark standards, Twinsburg would need 4.5 FTE operators to plow/salt the entire City in a normal snowfall and 6.5 FTE operators to plow the City in a heavy snowfall.

Currently, Twinsburg has six FTEs per snowfall shift. Although this is more than the recommended standard during normal snowfalls, Twinsburg is sufficiently staffed with FTE operators during heavy snowfalls. The City increased the number of staff per snow shift from four to six in 2004, which decreased overtime usage. According to the Public Works Director, Twinsburg SD strives to provide a high level of service to City residents by attempting to keep all streets clear and passable at all times. However, developing a snow and ice control plan and policy that outlines priority streets and other key components, and periodically reviewing routes may enable the City to operate effectively with five staff per shift – especially for a normal snow event (see **R4.4**). For example, if Twinsburg had five routes with five staff, its average lane miles per route and employee would be 35.2. While this would still be less than the average lane miles per route when compared to Avon Lake and Stow, the lane miles per FTE would be similar to Stow. Moreover, using five staff during a normal snowfall would be slightly more than the standard of 4.5 FTEs.

Twinsburg SD has twice the number of vehicles per route when compared to the peer average. In addition, Twinsburg SD's lane miles per vehicle is 35 percent lower than the peer average. This suggests that Twinsburg SD has too many vehicles per lane mile and may not have a need to use all snow and ice vehicles at its disposal. During a normal snowfall, if only six employees are plowing snow, twelve snow and ice trucks are not being utilized. As a result, the Twinsburg SD incurs the increased costs associated with servicing a large vehicle fleet, assuming the vehicles are used on a rotating basis.

Table 4-6 indicates that Twinsburg paid \$32.52 (excluding conveyance fee) per ton of salt in 2003-2004, 3.7 percent higher than the peer average of \$31.35 per ton of salt. According to information provided by ODOT, entities located in Summit County who purchased salt through the ODOT Cooperative Purchasing Program in 2003-2004 paid an average of \$33.55 per ton of salt, which includes a conveyance fee. This is 5 percent lower than Twinsburg's total price of \$35.27 per ton of salt. Twinsburg obtains salt through the Community University Education (CUE) program. Twinsburg paid a higher price for salt partially because it had to purchase salt from a source other than its main supplier. During one occasion in 2004, Twinsburg SD's main supplier was unable to meet the City's demand for salt because of a heavy snow storm and increased demand. Therefore, salt was purchased from an alternate supplier at \$50.50 per ton. When the \$50.50 per ton cost is subtracted from Twinsburg SD's total salt cost, the price paid

declines to \$34.54 per ton, which is 3.0 percent higher than the ODOT average. When also excluding the conveyance fee, the price paid declines to \$31.79 per ton. While this price is similar to Avon Lake and Stow, it is 4.5 percent higher than Solon. Furthermore, Twinsburg SD's need to make this additional salt purchase can be attributed to the City's generous use of salt when compared to the peers.

Twinsburg SD used 81 percent more salt per lane mile when compared to the peer average. The Public Works Director indicated that the high amount of salt used by the City can be attributed to trucks salting the roads for their entire shift. As a result of the high salt usage, Twinsburg SD must spend more for salt. However, as detailed under **Noteworthy Accomplishments**, the Service Department installed new measures to reduce the amount of salt used for the 2004-05 winter season.

R4.3 Twinsburg SD should develop a snow and ice control plan and policy, and reassess its routes (see **R4.4**), which may enable it to use five staff per regular snow event. Twinsburg SD should not purchase any additional snow and ice control vehicles. Instead, as these vehicles reach the end of their service lives, they should be retired and not replaced until the Service Department has fewer than 11 snow and ice control vehicles (see **R4.7** for more information regarding replacement planning). When Twinsburg SD has 11 snow and ice control vehicles, the Service Department will have a number of vehicles per lane mile comparable to the peer average.

Twinsburg SD should continue to monitor the amount of salt used on the city roads. In order to increase its pool of suppliers, Twinsburg SD should also consider the possibility of joining the ODOT Cooperative Purchasing Program which provides salt to cities at a reduced rate. In addition, the Service Department should, before each winter season, identify additional salt suppliers. The identification of these additional salt suppliers will be key if the main salt supplier is unable to meet demand. These additional salt sources should be ranked based upon the price charged per ton. Along with joining ODOT, these rankings should allow Twinsburg SD to purchase salt at a reasonable cost. Furthermore, Twinsburg should consider contacting other cities to purchase salt when demand exceeds its supply.

Financial Implication: If Twinsburg was able to purchase salt at the price charged by the ODOT Cooperative Purchasing Program, \$33.55 per ton, it could have saved approximately \$18,600 for the 2003-2004 season based on its actual average price paid per ton of salt of \$35.27. When excluding the \$50.50 per ton purchase, the potential savings decreases to approximately \$10,700 for the 2003-2004 season. These potential savings encompass the \$145 annual fee to join and maintain membership with ODOT. In addition to purchasing salt, this fee provides access to numerous other items that can be purchased through ODOT's consortium, such as fuel, tires and other supplies. However, ODOT requires members to purchase 50 percent of their salt forecast from the program.

According to a private vendor, the purchase cost for a 5-ton dump truck ranges from \$75,000 to \$100,000. According to ODAS, a 1-ton dump truck costs approximately \$27,000. Therefore, the City could experience a one-time cost avoidance of approximately \$327,000 by reducing and not replacing five vehicles. This assumes that Twinsburg SD does not replace four 5-ton dump trucks and one 1-ton dump truck, based on its current composition of vehicles.

- F4.4 Twinsburg SD has not created its own departmental manual detailing policies and procedures to be followed during a snow event and does not have a policy outlining the priority and non-priority streets for snow removal. According to the Public Service Director, Twinsburg SD follows a best practices manual pertaining to snowfall removal, but it has not tailored this manual to reflect its own mission or practices. Twinsburg SD does provide a snow and ice orientation for its drivers prior to each winter season. Discussion topics include: overall program objectives, communication between staff, route information that includes any changes to routes from the previous year, documentation of salt use, safety, and snow removal techniques. However, without written snow and ice control policies and procedures, staff members do not have a resource that can be consulted if questions arise. In addition, a written manual would ensure staff is fully aware of all snow and ice control procedures.

The American Public Works Association (APWA) recommends developing a snow and ice control policy as a best management practice. APWA states that the policy should cover the following areas:

- Procedures that detail the amount of time required to complete snow removal, and specify personnel, equipment and materials to meet prescribed service levels;
- A storm notification procedure which details the staff member who is designated to receive forecast information and issue a mobilization order;
- A section describing the maximum length of time which employees are permitted to complete snow and ice control activities;
- Assignment of snow routes by prioritizing streets by class, level of service and the amount of time to complete removal;
- Description of loading procedures to ensure safety and accuracy; and
- Spreading and plowing procedures that are established according to the weather condition and form of precipitation, level of service, class of street and time of day.

Solon's Service Department has developed a handbook which details departmental policies and procedures regarding snow removal. The handbook describes the following key areas:

- Key management contact phone numbers;
- A description of the properties and benefits of using salt;
- Snow plowing definitions which include information about an ideal rate of speed for snow trucks, breaking, cul-de-sac, centerline, curb plowing, bridges, curves, and intersections; and
- A listing of snow plow routes which has tips, areas of caution and information about blade direction.

As a result, Solon has developed an effective snow and ice control plan which is designed to lessen the impact of each snow event.

R4.4 The Public Works Director should develop a written snow and ice control plan which can be used as a reference guide and a training tool for staff. The plan should establish methods to meet specified levels of service and other areas suggested by the APWA, such as those included in Solon's plan. Twinsburg SD should annually review, update, and document in its manual the snow removal routes, using experienced staff who are familiar with departmental operations. The creation of a snow and ice plan, and the reevaluation of its routes would help ensure Twinsburg SD has an appropriate level of staff to plow snow (see **R4.3**).

F4.5 Twinsburg cleans streets at a relatively low cost. **Table 4-7** shows the street cleaning operations for Twinsburg and the peer cities.

Table 4-7: Street Cleaning Operation Cost Comparison

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Lane Miles	176.0	145	385.0	327.5	285.8
Street Cleaning Cost	\$14,707	N/A	\$66,342	N/A	\$66,402
Cost per Sweep	\$2,101	N/A	\$13,268	N/A	\$13,281
Cost Per Lane Mile	\$83.56	N/A	\$172.32	N/A	\$172.47
Number of Sweepers	1	1	2	1	1.3
Annual Level of Service	7 times during the year	3 times per year	5 times per year: Industrial areas are swept min. of 3 times per year, and Residential and sub-divisions are swept min. of 2 times per year	2 times during the year	3.3 times per year
Contracted Out	No	No	No	No	No

Source: Twinsburg SD and peers.

Note: Avon Lake and Stow do not calculate a total street cleaning costs. Avon Lake only calculates labor charges for its street sweeping operations

Table 4-7 shows that Twinsburg SD's cost per sweep and per lane mile are considerably lower than Solon, even though its annual level of service is greater. Street sweep activities occur at Twinsburg when the temperature is above freezing. The Public Works Director indicated that if the weather is warm enough, street sweeping can occur during the winter season. In addition, Twinsburg SD sweeps its streets twice as often when compared to the peer average. Nevertheless, Twinsburg SD does not have a plan or quality service statement describing various street cleaning activities. As a result, it is difficult to determine whether the cleaning frequency of seven times per year is sufficient to meet the needs and goals of the City. According to APWA, street cleaning should encompass the following components:

- A quality service statement which details the location, frequency, and time (schedule) of various street cleaning activities;
- Directives which identify environmental methods for the collection and disposal of street debris;
- A comprehensive and integrated street cleaning plan which describes the relationship between litter control, street sweeping, flushing, and leaf collection, and is updated on a routine basis;

- Collection practices which are based upon the analysis of health and environment concerns, population density, storage capabilities and the distance from disposal facilities; and
- A route design for the sweeping program which takes into account traffic patterns, parking requirements, street widths, and crew sizes. Routing can be designed using mathematical evaluations, observation and experience, or a combination of the two methods.

According to *Municipal Benchmarks* by David N. Ammons, one person should be able to sweep 4.16 lane miles per hour, or 29 lane miles per shift. Twinsburg SD has one street sweeper which is manned by one operator. Based upon this workload indicator, Twinsburg SD can expect that 29 miles would be cleaned per day. In 2004, according to program cost estimates, Twinsburg SD swept only curb lanes which resulted in cleaning 136 miles of roadway per sweeping event. When compared to municipal standards, it should take one street sweeper nearly five days to sweep Twinsburg's streets. However, based on data provided by Twinsburg SD, the Department spent approximately seven days per sweeping event cleaning the City streets. The increased time spent on sweeping streets could be attributed to the current routing system, although the Public Works Director indicated that it is reviewed annually. As a result, staff spends additional time completing street sweeping activities, reducing the City's ability to staff its other Service Department projects.

R4.5 Twinsburg SD should continue to annually review its routes and ascertain if the current routes allow for the most efficient use of street cleaning operations. In addition, Twinsburg SD should review its street cleaning operations and determine whether existing factors could be preventing the City from meeting the benchmark standard of 29 lane miles per shift. By meeting this benchmark standard, Twinsburg SD would reduce time charged to street sweeping activities by 16 hours each time the streets are swept. Therefore, if Twinsburg SD was to achieve the benchmark standard and continued to sweep its streets seven times per year, the Department could allocate 112 hours each year to other projects. According to the Public Works Director, the recent acquisition of a street sweeper has allowed the City to meet the standard.

Twinsburg's Public Works Director should develop and implement a street cleaning plan that includes a quality service statement detailing the location, frequency and time of various street cleaning activities. The plan should be regularly updated and a methodology should be created for collection practices and routing designs. Additional factors should be reviewed such as environmental and health factors.

F4.6 Twinsburg SD does not have written procedures or guidelines regarding its pothole patching program, and does not track time spent patching potholes. As a result, it has

difficulty measuring the achievement of its goals and overall efficiency for the pothole program. However, according to the Public Works Director, response time to repair potholes is normally less than 24 hours. **Table 4-8** shows pothole patching for Twinsburg and the peer cities.

Table 4-8: Comparison of Pothole Patching Methods

	Twinsburg	Avon Lake	Solon	Stow
Traditional method of filling by hand	Yes	Yes	Yes	Yes
Typical Size of Crew:	3	3	3	3
Vehicle(s)/Equipment:	Truck, trailer box, shovel	Truck, trailer box, shovel	Truck, trailer box, shovel	Dump Truck and shovel
Hot Patch:	Yes	Yes	Yes	Yes
Cold Patch:	Yes	No	Yes	Yes
HPM Cold Patch:	Yes	Yes	No	Yes
Crack Sealing:	Yes (2 times a year)	Yes (Once a year)	Yes (once a year)	Yes (attempt to do once a year) ¹

Source: Twinsburg SD and peers

Note: Hot patch material is a mixture of asphalt and an aggregate that hardens when it cools. This material is only available during winter months. Cold patch material is comprised of asphalt, aggregate and a solvent. Cold patch is used during the winter months when hot patch is not available. HPM cold patch is made of a higher grade of asphalt, aggregate and various additives such as fibers and solvents. Although it is more costly than the other two patching materials, it lasts longer.

¹ Crack sealing, road striping and paving are contracted out.

As shown in **Table 4-8**, the majority of repairs conducted by Twinsburg and the peers are completed by a three-person crew using the traditional method. Twinsburg uses three employees to complete pothole patching and is able to observe the necessary safety precautions. One employee drives the materials truck, another employee is responsible for applying the material, and one employee drives the shadow truck. This employee can also assist with actual pothole patching duties. Although the peers also use a three person crew, Twinsburg may be able to operate with a two person crew at times by having one of the truck drivers apply the material, with the other assisting as necessary. Using a two person crew could be particularly feasible on smaller roadways that are not heavily traveled.

According to David Ammons in *Municipal Benchmarks*, pothole patching standards indicate that it should take a two man crew 1.044 hours to lay 1.92 tons or 0.97 cubic yards of patching material. Twinsburg SD does not have a system to record the time that each employee spends patching potholes or the number of potholes patched. Therefore, the attainment of the benchmark standard can only be assessed by analyzing the total amount of materials used in 2004 (22.84 tons) and the estimated work hours spent filling

potholes. Based on the amount of time that the Public Works Director indicated is dedicated to filling potholes during the months of November through April, a total of 390 hours, or 15 hours per week, are dedicating to patching potholes. However, according to the Public Works Director, in a typical morning, one hour of pothole patching time is not spent completing actual pothole patching duties. This time is devoted to meetings, driving to locations, gathering equipment and supplies, and preparing vehicles. Therefore, this analysis assumes that Twinsburg SD spends an additional hour in the afternoon that is not directly attributable to pothole patching (e.g., driving back from the location, restocking equipment and supplies, etc). By subtracting two hours of time from the total number of pothole patching hours, 5 hours per week or 130 hours per year are devoted to actual pothole patching. As a result, Twinsburg lays 0.18 tons of material per hour, considerably less than the standard of 1.92 tons per hour. This indicates that Twinsburg could increase its current pothole patching productivity levels. However, tracking the actual time spent patching potholes and the number of potholes patched would enable Twinsburg SD to more accurately gauge its efficiency.

In order to accurately measure productivity levels, The Federal Highway Administration's Long Term Pavement Performance Program (LTPP) recommends that entities record the number of potholes and the square meters of each affected area. The City of Baltimore, Maryland has taken an extra step by setting a written goal of responding and repairing potholes within 48 hours of notification. Baltimore also records the number of potholes repaired and tallies the total cost of pothole repairs. Baltimore is then able to calculate an average cost per pothole as a way to measure the effectiveness of its road repair program. The APWA recommends that procedures be established for operations and maintenance activities. These performance standards should indicate how maintenance activities will be accomplished within available resources. Standards should also define a realistic rate of accomplishment resulting from the use of resources in conjunction with best practices. Accepted standards can include street department functions such as pothole patching and permanent pothole repair.

As shown in **Table 4-8**, Twinsburg SD completes crack sealing at a greater frequency than any of the peers. As a result of having a frequent crack sealing program, Twinsburg SD is increasing the service life of city roads. According to *usroads.com*, filling or sealing pavement cracks to prevent water from entering the road base helps limit the formation of potholes. It is estimated that crack sealing can extend pavement life by three to five years. When water is kept out, pavement deterioration is slowed. Therefore, an effective crack sealing system can be regarded as an economical maintenance technique which helps to ensure the quality of roads.

According to information reported by each city to the Ohio Public Works Commission, Twinsburg has 83 percent of its roads rated in good or excellent condition, while the peer average is 74 percent. Avon Lake, Solon and Stow have 91, 76, and 57 percent of their

roads rated in good or excellent condition, respectively. Consequently, although Twinsburg SD may be able to increase efficiency, it appears to be effectively maintaining the City's roads. The quality of Twinsburg's roads can, in part, be attributed to effective preventative maintenance (crack sealing).

R4.6 To increase the efficiency of pothole patching and repairs, Twinsburg SD should track the number of potholes patched in a year and determine the length of time it takes staff to complete the work. Measuring productivity will ensure that staff performs at an optimal level and will allow Twinsburg SD to make adjustments to future staffing levels.

The Public Works Director should also develop written procedures for the pothole patching and crack sealing programs, particularly concerning the frequency of crack sealing and the length of time between notification of a pothole and completion of the finished repair. The creation of written policies and procedures will allow Twinsburg to better identify and direct its road repair resources. Furthermore, the Public Works Director should review the possibility of using a two-person crew where appropriate, while ensuring that safety is not negatively impacted.

Capital Planning

F4.7 Twinsburg SD does not use statistical criteria to determine when capital equipment should be replaced. Currently, the Service Department has a replacement plan which projects capital replacement purchases for each of the next five years. The plan includes the expected cost of the new equipment and reasons for the purchase, but it does not show total costs of maintenance and depreciation for vehicles and equipment that are being replaced. In order to determine the cost of repairs, Twinsburg SD must manually add each of the repairs completed over the life of a vehicle. The Public Works Director indicated the Twinsburg SD attempts to keep snow and ice vehicles for at least 15 years while other vehicles are kept as long as possible. Most vehicles are replaced due to corrosion problems or high repair costs. When major repairs are needed, the City considers replacing the vehicle. However, without readily available statistical data, staff has to spend additional time to determine total costs of repairs. See **R4.11** for further information about a vehicle maintenance computer system.

According to the International City Managers Association (ICMA), the compilation of statistical data is important when conducting a replacement analysis. Data can come from a variety of sources, such as shop records and fuel tickets, staff estimates and blue book analysis. Entities with fleet management systems have all the historical data necessary for a proper analysis. A system which can produce historical data can be used to more accurately estimate future costs and will allow a cost analysis to be developed when purchasing new equipment. APWA further defines the components which should be part of a replacement plan, including the following:

- Total cost of maintenance and depreciation;
- Fuel costs;
- Condition of equipment;
- New technology; and
- The environment in which the equipment operates.

In addition, APWA suggests that funding sources be established by allowing departments to include equipment replacement funds in their budgets or by establishing a depreciation cost per mile or per month.

R4.7 Twinsburg SD should use relevant statistical data to augment its capital planning. Such will allow Twinsburg to estimate useful life cycles and aid in the development of characteristics that would indicate when an item is due for replacement. Capital replacement criteria should be based on capturing accurate historical costs associated with particular vehicles and equipment. Once captured, the Service Department can use these data to develop a capital replacement plan based upon several economic factors, thus enabling it to effectively determine equipment replacement requirements. (See **R4.11** for related information concerning fleet management systems.)

Fleet Maintenance and Fleet Size

F4.8 Twinsburg SD operates with a minimal number of mechanics. **Table 4-9** shows the staffing levels and key maintenance indicators for Twinsburg SD and the peers.

Table 4-9: Vehicle / Equipment Maintenance Indicators

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Mechanic Staffing Level (FTE)	2.0	3.0	7.0	3.0	3.7
Number of Vehicles and Service Equipment Maintained	116 ¹	133	185	152	156.7
Number of Vehicles and Service Equipment Items Maintained per FTE	58.0	44.3	26.4	50.7	42.4
Centralized	No ²	No ³	Yes	No ²	N/A
Contracted Maintenance Services	Major repairs requiring computer diagnostic equipment and fire prevention vehicles	Major Repairs and Transmission	Transmission Work	Transmission Work and Front End Alignments	N/A

Source: Twinsburg SD and peers

¹ Does not include the emergency pumper or two fire trucks because maintenance and repair is contracted out.

² Parks and Recreation employees complete their own vehicle repairs.

³ The Fire Department and the Utilities department repair their own vehicles.

Twinsburg SD mechanics maintain the greatest number of vehicles and service equipment per FTE, nearly 37 percent more than the peer average. The City does not have a centralized garage. Currently, several employees in the Parks and Recreation Department spend some time completing repairs for that department's 15 vehicles and 13 pieces of equipment. Twinsburg SD mechanics are not certified and lack training to repair fire trucks. They complete only minor repairs to City ambulances. Twinsburg SD also lacks computer diagnostic equipment. As a result, the City contracts out maintenance work that requires computer diagnostic testing, repairs to fire trucks, and any major repairs required for City ambulances. Outsourcing of fire truck repairs results in the City incurring additional expenditures.

Solon's Service Department mechanics have obtained ASE (Automotive Service Excellence) certification, in addition to attending repair training dealing with trucks and emergency vehicles. ASE offers a variety of different tracks by which individuals can receive certification. For example, the automobile/light truck track covers eight areas such as engine repair, automatic transmissions, and electrical systems. The advanced engine performance specialist test deals with technicians' knowledge of computer-controlled engine systems. In addition, there are organizations within the state that provide training and information dealing with emergency vehicles. These organizations also provide information and links to the national Emergency Vehicle Technician (EVT)

certification program which is offered by the EVT Certification Commission, Inc. This program offers certification tracks for fire apparatus and ambulance technicians.

R4.8 Twinsburg SD mechanics should obtain certification from the ASE and EVT programs. By requiring its Service Department mechanics to acquire certification, Twinsburg should be able to reduce the expenses associated with contracting of repair services.

Twinsburg SD should also hire another full-time mechanic and ensure that this mechanic receives ASE and EVT training. Once all Twinsburg SD mechanics have obtained the necessary certification, they should then be assigned to repair and maintain all city-owned vehicles and equipment, including Parks and Recreation. By having three mechanics repair and maintain city-owned vehicles, Service Department equipment, and Parks and Recreation vehicles and equipment, each mechanic will be responsible for 48.0 vehicles and equipment. This would result in Twinsburg SD's mechanics repairing and maintaining six more pieces of equipment and vehicles per FTE when compared to the peer average. Furthermore, centralizing the repair of vehicles and equipment will ensure that any repair work is completed by staff who have the proper knowledge, ability and training. However, prior to centralizing vehicle maintenance, the City should review the activities and corresponding time spent by staff in the Parks and Recreation Department to maintain and repair their vehicles and equipment. That assessment was beyond the scope of this performance audit.

Alternatively, if the City decides not to consolidate all vehicle and equipment repairs, only a part-time employee should be hired. Hiring a trained and certified part-time mechanic would reduce the number of vehicles and service equipment per FTE to the peer average and allow Twinsburg to perform more maintenance and repairs in-house.

Lastly, Twinsburg SD should determine its needs regarding computer diagnostic equipment. As part of this assessment, Twinsburg SD should decide whether purchasing computer diagnostic equipment will result in a reduction of the outsourcing costs associated with computer diagnostic vehicle repairs.

Financial Implication: The cost of each ASE test is \$25.00 and there is a registration fee of \$32.00 for the training class. If Twinsburg SD had three mechanics taking all eight ASE certification exams in the automobile/light truck category, the total cost would be \$696.00. In addition, there are eight certification exams offered by the EVT Certification Commission, Inc., concerning fire and ambulance vehicle repairs. Each exam costs \$50.00 and re-certification exams are \$30.00. If three mechanics obtained certifications for all eight categories, the total cost would be \$1,200.00. Therefore, obtaining all appropriate ASE and EVT certifications for three Service Department mechanics would cost approximately \$1,900. By hiring a full-time mechanic, Twinsburg could expect to incur additional costs of approximately \$64,000 in salary and benefits.

Twinsburg SD could not provide the costs that the city has incurred to outsource the repair of vehicles that can not currently be completed in-house. Therefore, the savings associated with the completion of repairs in-house could not be determined.

F4.9 Overall, Twinsburg allocates a number of vehicles per employee comparable to the peers. However, Twinsburg has more vehicles than the peers based on square mileage and population. **Table 4-10** shows the fleet size for Twinsburg and the peers.

Table 4-10: Fleet Size

Department	Twinsburg	Avon Lake	Solon	Stow ¹	Peer Average
Number of square miles	9.0	11.1	20.6	17.3	16.3
Service Vehicles	27	40	56	57	51.0
Number of Employees	25	29 ²	72	27	42.7
Ratio of Vehicles to Employees	1:0.9	1:0.7	1:1.3	1:0.5	1:0.8
Vehicles per Square mile	3.0	3.6	2.7	3.3	3.1
Wastewater/Water Vehicles	9	17	16	11	14.7
Number of Employees	20	38	26	9	24.3
Ratio of Vehicles to Employees	1:2.2	1:2.2	1:1.6	1:0.8	1:1.7
Vehicles Per Square Miles	1.0	1.5	0.8	0.6	1:0.9
Building Vehicles	9	3	5	5	6.5
Number of Employees	7	6	8	7	7
Ratio of Vehicles to Employees	1:0.8	1:2.0	1:1.6	1:1.4	1:1.1
Vehicles Per Square Mile	1.3	0.3	0.2	0.3	0.4
Engineering Vehicles	4	4	6	7	5.7
Number of Employees	6	7	11	8	8.7
Ratio of Vehicles to Employees	1:1.5	1:1.8	1:1.8	1:1.1	1:1.5
Vehicles Per Square Mile	0.4	0.4	0.3	0.4	0.3
Mayor's Office Vehicles	2	1	1	1	1
Number of Employees	3	4	3	2	3
Ratio of Vehicles to Employees	1:1.5	1:4.0	1:3.0	1:2.0	1:3.0
Vehicles Per Square Mile	0.2	0.1	0.0	0.1	0.1
IT Vehicles	2	0	0	1	1
Number of Employees	2 ²	0	2	3	2.5
Ratio of Vehicles to Employees	1:1.0	0	0.0	1:3.0	1:3.0
Vehicles Per Square Mile	0.2	0.0	0.0	0.1	0.1
Golf Course Vehicles	1	0	1	0	N/A
Number of Employees	7	0	11	0	N/A
Ratio of Vehicles to Employees	1:7.0	0	1:11.0	0	N/A
Vehicles Per Square Mile	0.1	0.0	0.0	0.0	N/A
Parks and Recreation Vehicles	15	1	8	14	7.7
Number of Employees	49 ³	5	117 ³	8 ³	43.3
Ratio of Vehicles to Employees	1:3.3	1:5.0	1:14.6	1:0.6	1:5.6
Vehicles Per Square Mile	1.7	0.1	0.4	1.4	1:0.5
Police Vehicles	27	25	24	26	25.0
Number of Employees	49	58	99	74	77.0
Ratio of Vehicles to Employee	1:1.8	1:2.3	1:4.1	1:2.8	3.1
Vehicles Per Square Mile	3.0	2.3	1.7	1.4	1.5
Fire Vehicles	16	10	21	30	21.7
Number of Employees	55	30	61	61	50.6
Ratio of Vehicles to Employees	1:3.4	1:3.0	1:2.9	1:2.1	2.3
Vehicles Per Square Mile	1.8	0.9	1.0	1.7	1.3
TOTAL VEHICLES	112	101	138	152	130.3
Number of Employees	223	157	410	199	255.3
Ratio of Vehicles to Employees	1:2.0	1:1.6	1:2.9	1:1.3	1:2.0
Total Vehicles Per Square Miles	12.4	9.1	6.7	8.8	8.0
Total Population	17,006	18,145	21,802	32,139	24,029
Number of Vehicles Per 1,000 Residents	6.6	5.6	6.3	4.7	5.4

Source: Twinsburg and Peers

Note: The number of employees for all departments represent total employees. However, seasonal employees were not included in the totals.

¹ Each of the departments with no vehicles can use two vans reserved for official business. These two vans were added to the total amount.

² Includes one network administrator located in the HR department and one IT Coordinator in the police department

³ Includes employees who were reported as fitness center employees.

As shown in **Table 4-10**, the City averages one vehicle for every two employees which equals the peer average. However, the adequacy of staffing levels in each department could affect this comparison. For instance, if a city is overstaffed in a particular department, it would compare favorably when reviewing the ratio of vehicles to employees. As a result, square mileage and city population were also used to compare fleet sizes. Twinsburg has 12.7 vehicles per square mile, while the peers average 8.0 vehicles for each square mile. Also, Twinsburg has 6.6 vehicles for each 1,000 residents, while the peers average 5.4 vehicles for every 1,000 residents. Therefore, Twinsburg's fleet size appears higher than the peers.

The Police, Fire, and Parks and Recreation Departments are the main contributors to the higher vehicles per square mile and per capita, as they comprise 51 percent of the City's entire fleet. For instance, the Police Department maintains one vehicle for every 1.8 employees, compared to the peer average of one vehicle for every 3.1 employees. Additionally, the Police Department maintains twice as many vehicles per square mile as the peer average. However, various operational factors such as response times, crime rates, and police and fire calls within these departments could affect the ratios. Assessing these operational factors was beyond the scope of this performance audit.

The following departments also appear to maintain a relatively high number of vehicles:

- **Building:** This department had more vehicles than employees. The building department averaged 1.3 vehicles per square mile while the peers averaged 0.3 vehicles per square mile. As a result, Twinsburg's Building Department averages 76 percent more vehicles per square mile than the peer average.
- **Mayor's Office:** Two vehicles are assigned to the Mayor's Office. Each of the peers only has one vehicle provided to the Mayor's Office. Therefore, Twinburg's Mayor's Office has 50 percent more vehicles when compared to the peer average.
- **IT:** Twinsburg and Stow were the only cities providing vehicles for their IT staffs. Twinsburg has two vehicles for its two IT employees, while Stow has one vehicle for its three IT employees.

Although Twinsburg has a vehicle use policy, the policy does not specify how vehicles are to be assigned. The policy discusses vehicle safety, appropriate use, and repair issues. Sandusky County has developed a specific policy pertaining to county vehicle usage. The policy states that vehicle assignments will be made based on a written request which provides documented reasons for the use of a vehicle. Approval is contingent upon transportation needs, emergency requirements, call-out availability, after hours meetings,

cost effectiveness, and factors determined by the County Commissioners. In addition, Sandusky County uses a “pooling” system in providing vehicles to its employees. Any employee who does not have a specific vehicle assignment and needs a vehicle for work-related travel must sign out a vehicle after obtaining proper approval.

R4.9 Twinsburg’s City Council and Mayor should establish a policy that defines the parameters for assignment of City-owned vehicles and incorporate it within the existing vehicle use policy, including the use of “pooled” vehicles. Subsequently, City administration should review the number of vehicles assigned to each department on an annual basis. When reviewing this information, the City should track the frequency of vehicle usage and costs associated with vehicle maintenance (see **R4.11** for more information). By analyzing this information, the City can determine if it is cost effective for certain departments such as IT, the Mayor’s Office, and the Building Department to maintain their current fleet levels. The City should also consider operational factors affecting fleet size, particularly in the police and fire departments. If the City determines that specific departments have too many vehicles, the vehicles should be sold or not be replaced once they reach the end of their useful life (see **R4.7** for information about replacement planning). By selling or not replacing the vehicles and utilizing a “pooled” vehicle system, Twinsburg would increase one-time revenues and reduce financial expenditures associated with vehicle acquisition and maintenance.

Technology

F4.10 Twinsburg’s Public Works Department does not have an automated fuel dispensing system and fuel pumps do not have the necessary safeguards to prohibit improper or unauthorized access. Currently, the Public Works Department and the fuel pumps are located behind a partially fenced-in area. The fence does have a gate that can be locked, but presently the gate is broken. In order to document fuel usage, Twinsburg relies on its employees to report the amount of fuel that was dispersed. Either before or after obtaining fuel from one of the two fuel pumps located in the Public Works area, employees are instructed to complete a fuel usage form located in the Public Works Building. The form contains information such as the employee’s department, the date, vehicle, and the amount of fuel obtained. The information is then compiled by the Public Works Administrative Assistance and departments are charged back each month for the cost of fuel.

Although the Public Works Department captures key information about fuel usage and does not have any evidence to suggest employees are not being truthful, the potential for reporting erroneous information or not documenting usage after obtaining fuel does exist since employees report their own fuel usage. Even though the fuel pumps are equipped with gauges to indicate the total amount of gasoline obtained, this total is not reconciled with the amount of gasoline which is recorded by employees. Without proper internal

controls, unauthorized vehicles can be fueled, incorrect information can be recorded on the fuel usage form, and city and non-city employees can obtain fuel for their own personal needs. As a result, there is an elevated potential for fraud or abuse to occur. According to several companies who offer automated fuel systems, the following key information can be tracked by using fuel cards:

- Fleet and department identification,
- Date and time of transaction,
- Vehicle identification and location,
- Driver identification,
- Type, amount and cost of fuel dispensed,
- Readings of odometer and engine hours,
- Vehicle miles per gallon and miles traveled,
- Current period and year-to-date purchase summaries, and
- Other user defined information.

In addition to automatically tracking fuel usage, the information maintained in an automated system increases accuracy because only one employee enters information into the system. Currently, Twinsburg requires two employees to enter fuel usage information: one employee hand writes the information while another employee later types the information into the computer system. The purchase of an automated fuel system will permit more detailed reports to be generated which will provide Twinsburg with useful vehicle information and increased levels of security and control.

R4.10 The City should purchase an automated fuel dispensing system to enable automatic tracking of key information, and eliminate manual and duplicative recording of data. This data generated by the system could be used to support capital planning decisions (see **R4.7** for more information about capital planning). In addition, a fuel management system will prevent unauthorized access, and will increase consistency in the reporting of any fuel-related information.

Financial Implication: The total cost of purchasing an automated fuel system would range from \$7,000 to \$15,000. This cost includes installation of equipment.

F4.11 Twinsburg SD does not have a comprehensive fleet management system for tracking equipment maintenance or parts inventory. Although Twinsburg SD keeps track of vehicle repairs and preventative maintenance activities completed for City vehicles, the information is maintained in a paper format and stored in file folders. Without a computerized system, Twinsburg cannot easily determine the month-to-date, year-to-date,

and lifetime service and repair costs associated with its vehicles. In addition, without a formalized fleet management system to track parts, supplies are not recorded when taken out of inventory by mechanics. As a result, Twinsburg SD lacks internal controls over the vehicle repair process.

The Public Works Director indicated that for non-service vehicles, preventative maintenance is left to the discretion of the drivers. The Department does not have a system which tracks the dates when vehicles are due for preventative maintenance. This may result in vehicles not being serviced in accordance with manufacturer's recommendations and can lead to more costly repairs in the future. The City of Stow has a computerized vehicle management system. The system was created by one of its service employees to respond to the needs of the department

According to the National Association of Fleet Administrators, Inc. (NAFA), fleet managers need to know exactly what they are expected to manage. In order to accomplish this goal, fleet managers must keep electronic records. These basic records include the following: make, model, vehicle identification number (VIN), price, in-service date, odometer number, repair order number, the cost of the repair, the cause of the problem, solution and the name of the mechanic(s) performing the repair. In addition to these basic records, a well supported fleet asset management program should have the following components:

- Acquisition of goods – Once a purchase is made, equipment and goods can be tracked throughout their lifetime. This information can be used to make future purchasing decisions based on the accumulation of historical data.
- Scheduling – Regular scheduling of preventative maintenance is the core component of an asset management system. Proper scheduling will allow adherence to manufacturer maintenance recommendations and any other requirements.
- Maintenance of goods – This is where scheduling, parts, personnel, and use of facilities all meet. A system of scheduled events, operator requests and recall initiatives will ensure the development of a more cost-effective fleet.
- Historical data – This information will provide an entity with important factors that can be used in making purchase and resource allocation decisions. Information such as fuel efficiency, cost per part and down time averages can be used as performance measurement indicators.

- Reports – The creation of reports can provide an overview of a fleet management operation. Reports can be designed to help entities validate procedures, make purchasing decisions and verify whether maintenance was performed.
- Disposal – Adhering to proper maintenance along with compiling detailed maintenance records will ensure that the equipment or vehicle is well maintained and should allow the entity to receive a better price when the asset is disposed.

The compilation of key data and records will allow the fleet manager to obtain vehicle profile reports by the categories selected and will allow for comparisons of historical operating costs between different vehicle makes and models. Consequently, the Service Department would be able to make more cost effective choices. Compiling key data will also help with overall capital planning (see **R4.7**) and identify when each vehicle is due for preventative maintenance based on manufacturer recommendations. Furthermore, purchasing and using an automated fleet management system would strengthen internal controls as it would track inventory levels and usage.

R4.11 The City should purchase a fleet management system which can track key information related to its vehicles, equipment and parts. The system should include the components suggested by NAFA (e.g., preventative maintenance scheduling, performance measures, etc.). Twinsburg SD should research available fleet management systems to determine the system that best meets its needs. Fleet management systems can range from an initial price of \$2,000 for a single user to \$3,000 for a more elaborate system.

Financial Implication: The initial cost for a computerized fleet management software system would be approximately \$3,000. The annual cost for technical support after the first year will be approximately \$500.

F4.12 Twinsburg SD does not use its work order system to measure performance, although it uses an Access database to assign work. Work orders are generated either by a resident call or by the Foreman. The information that is compiled includes a date received, crew names, job location, tools and equipment used, work description, special instructions, and date completed. However, the work order system does not track other key information such as staff time used for each type of activity, time required to complete specific work, or the number of specific work activities completed. This data would be necessary for assessing staffing levels, budgeting needs and capital improvement planning. Although the General Superintendent compiles some performance information in a notebook, other key information, such as the number of potholes patched, is not recorded. Therefore, in some cases, workload measures for the Department cannot be determined and performance can not be measured against benchmarks to identify the potential for improvement. On the other hand, continual measurement of workload and general

operations allows entities to make comparisons with previous years which enable them to see if target goals were met. In addition, performance measurement increases accountability and efficiency.

The Department of Public Works for Fulton County, Georgia has a work order system which is used to manage the data of the department. The system was developed to create customized reports and graphs focusing on performance by section or division, and man hours per service request. The data that is obtained helps the Department, County Manager and Commissioners better understand the scope of the Department's activities. As a result, Fulton County is able to easily identify problems and better direct improvement efforts.

R4.12 The Service Department should fully utilize its Access database to track key workload measures and assess performance. Additional fields in the Access database should be created to reflect time spent completing activities and the amount of work completed. Maintaining this information in a centralized location will allow Twinsburg SD to generate reports and to assess performance. By developing workload statistics, the Department will be better able to identify its service needs and more easily determine what functions or levels of service are not being met. Twinsburg SD will also be able to better determine whether future staffing additions or reductions are necessary.

Financial Implication Summary

The following table presents a summary of the annual cost savings and avoidances, as well as the estimated implementation costs discussed in this section. For purposes of this table, only recommendations with quantifiable financial impacts are included.

Summary of Financial Implications

Recommendations	Estimated Annual Cost Savings	Estimated Annual Cost Avoidance	Estimated One-Time Cost Avoidance	Estimated Implementation Costs (One time)	Estimated Implementation Costs (Annual)
R4.1 Consider not filling three vacant maintenance positions		\$141,000			
R4.1 Reduce custodial staff by outsourcing	\$16,000				
R4.3 Purchase salt from ODOT Cooperative Purchasing Program	\$10,700				
R4.3 Reduce and not replace five vehicles			\$327,000		
R4.8 Certify mechanics				\$1,900	
R4.8 Hire one mechanic					\$64,000
R4.10 Purchase automated fuel dispensing system				\$15,000	
R4.11 Purchase computerized fleet management software system				\$3,000	\$500
Total	\$26,700	\$141,000	\$327,000	\$19,900	\$64,500

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Engineering

Background

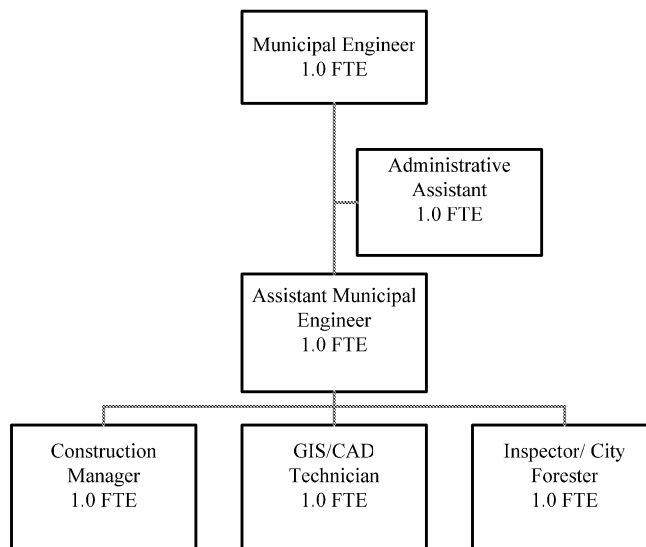
This section of the performance audit focuses on the City of Twinsburg's (City) engineering functions. The Twinsburg Engineering Department (TED) coordinates all City engineering related activities including the master tree plan. For the purpose of illustrating various operational issues, comparisons are made throughout the report with the peer cities of Avon Lake, Solon, and Stow.

The following questions were used as guidance to analyze the City of Twinsburg's Engineering Department:

- Are staffing levels and the role of the Engineering Department personnel appropriate, adequate to perform the work, and in line with peers?
- Are road conditions within the City adequate when compared to peers?
- How does the Engineering Department assess capital improvement and planning needs?
- What has accounted for the significant variances in expenditures from 2003 to the budget for 2005?
- How does the City evaluate, maintain, and repair sidewalks?
- What technology is currently in place, and is it used efficiently and effectively to operate the department?
- What is the likelihood that consolidating TED within another department would improve efficiency?

Organizational Chart

Chart 5-1 provides an overview of TED's organizational structure and staffing levels. All positions are shown as full-time equivalents (FTEs).

Chart 5-1: Engineering Department as of September 2004

Source: City of Twinsburg

As illustrated in **Chart 5-1**, TED employs a total of 6.0 FTEs, including a municipal engineer, assistant municipal engineer, construction manager, Geographic Information System (GIS)/AutoCAD technician, inspector/city forester, and administrative assistant.

Summary of Operations

TED is responsible for planning and design activities for all city roads, bridges, traffic control devices, some storm and sanitary sewer systems, and related building infrastructure such as the Fitness Center addition, Parks and Recreation facilities, and Fire Department improvements. In addition, the Department provides technical and engineering support to all departments within the City. For example, TED reviews site plans prior to building permit issuance, and provides mapping and layout for snowplow routes. TED also assists in the development of the City's five year capital improvement and comprehensive plans. TED reports to the Director of Community Planning and Development as part of the newly created Department of Community Planning and Development. TED position responsibilities include:

- The Municipal Engineer conducts activities such as coordinating the daily operations of department staff and addressing all matters relating to public works. The Engineer reviews commercial, industrial, and residential site plans as well as storm water improvements. Additionally, the Engineer develops policies, enforces City ordinances and codes, prepares budgetary information, plans for public improvements, and makes recommendations on engineering and surveying issues. Furthermore, the Engineer

administers the National Pollutant Discharge Elimination System (NPDES) Phase 2 storm water program, attends Akron Metropolitan Area Transportation System (AMATS) meetings, and coordinates flood plain activities for the City.

- The Assistant Municipal Engineer performs duties, in addition to aiding the municipal engineer, such as assisting in the maintenance of departmental records and reviewing subdivision work and contract plan specifications. Furthermore, the Assistant Municipal Engineer conducts inspections on capital improvements, advises property owners on problems pertaining to engineering, and administers traffic signal operations.
- The Construction Manager's duties include writing and reviewing specifications for paving, earthwork, and sewer installation, preparing construction documents, inspecting construction sites, determining and monitoring prevailing wages, and ensuring compliance with approved plans and prevailing codes. Additionally, the Construction Manager assists with building infrastructure and maintenance, and improvements for the golf course and parks and fire departments.
- The GIS Analyst performs activities such as developing and implementing systems, networks, and databases; and creating, maintaining, displaying, and updating the City-wide GIS database of infrastructure improvements, utilities, easements, buildings, topography, and many other features of properties located within the City. According to TED, this helps provide information to residents, developers, boards and commissions, and assists in grant preparation. In addition, the position prepares and updates detailed maps and drawings using GIS and AutoCAD software for the comprehensive plan and zoning map, researches and administers grants, provides research for City departments, recommends equipment updates, and maintains records of all subdivisions and capital improvements.
- The Chief Engineering inspector/city forester inspects building and construction sites to ensure compliance with approved plans and prevailing codes, and administers the City-wide master tree planting and maintenance program. Additionally, the position updates and maintains records of inspections, investigates complaints and files notices, and assists building department officials as needed.
- The Administrative Assistant initiates and coordinates all administrative policies and secretarial and/or clerical functions within the Department, answers the phone for the director and takes messages, and manages the municipal engineer's schedule.

Financial Data

Table 5-1 presents the actual expenditures for FY 2003 and FY 2004, and the budget for FY 2005.

Table 5-1: Comparison of Budget and Actual Expenditures

Organizational Code Description	2003 Actual	2004 Actual	Percent Change	2005 Budgeted	Percent Change
Salaries/Wages	\$337,251	\$366,168	9%	\$386,000	5%
Fringe Benefits	\$106,847	\$106,886	0%	\$127,440	19%
Contracted Labor/Professional Services ¹	\$454,819	\$125,272	(72%)	\$476,800	281%
Maintenance and Equipment ²	\$14,134	\$7,891	(44%)	\$12,500	58%
Supplies ³	\$9,503	\$19,468	105%	\$19,400	0%
Other ⁴	\$18,013	\$11,014	(39%)	\$18,100	64%
Total Operational Costs	\$940,569	\$636,701	(32%)	\$1,040,240.00	63%

Source: The City of Twinsburg expenditure information as of February, 2005.

¹The contracted labor/professional services line item consists of contracted labor/professional services and miscellaneous contract services.

²The maintenance and equipment line item consists of maintenance equipment/facility and maintenance.

³The Supplies line item consists of office and operating supplies.

⁴The other line item consists of clothing, travel, communications, rents and leases, insurance and bonding, print/reproduction/advertising, and engineering other.

As shown in **Table 5-1**, total FY 2004 expenditures for the City were \$636,702, a 32 percent decrease from FY 2003. The budgeted amount for FY 2005 is anticipated to increase by 63 percent over FY 2004 expenditure levels. Explanations for significant variances include the following:

- *An increase in Salaries and Wages for FY 2004 and FY 2005 budget:* The 9 percent increase of salaries and wages for FY 2004 actual was the result of wage and cost of living increases for engineering employees. Additionally, FY 2005 expenditures were budgeted to be higher than FY 2004 actual level by 5 percent due to step and longevity increases and anticipated overtime.
- *An increase in Fringe Benefits for FY 2005 budget:* The 19 percent increase in fringe benefits forecasted for FY 2005 is due to an anticipated increase in premium and service costs. Although salaries increased 9 percent in FY 2004, fringe benefits remained constant. This is due to the change in payment for retirement benefits from quarterly to monthly beginning in FY 2003. However, expenditures for FY 2003 include the last quarterly payment for FY 2002, which inflates the fringe benefit expenditures when

compared to FY 2004 and FY 2005. See the **human resources** section for more information about fringe benefits.

- *A decrease in Contracted Labor/Professional Services for FY 2004 and an increase in the FY 2005 budget:* The 72 percent decrease in contracted labor/professional services for FY 2004 reflects a decrease in outsourcing services, scope of projects, and reduced design work. FY 2005 expenditures were budgeted to be higher than FY 2004 actual levels by 281 percent due to the previous year's unpaid carry over of \$155,877, tree arborists' projects and activities, utilization of outsourced project design work and surveying, and new annual storm water fees.
- *A decrease in Maintenance and Equipment for FY 2004 and an increase for FY 2005 budget:* The 44 percent decrease in maintenance and equipment for FY 2004 was due to a reduction in copier maintenance and service and engineering vehicle repair. In addition, FY 2003 includes costs of \$7,810 for an emergency water repair that was not incurred in FY 2004. However, FY 2005 expenditures were budgeted to be higher than FY 2004 by 58 percent due to the need to conduct vehicle repair and maintenance services, anticipated city maintenance emergencies, and the purchase of city forester equipment.
- *An increase in Supplies for FY 2004:* The 105 percent increase in operating supplies for FY 2004 was due to the purchase of software updates which includes: ARIES, AutoCAD, and ArcIMS, and the purchase of a new computer monitor for the engineering department.
- *A decrease in Other for FY 2004 and an increase in the FY 2005 budget:* The 39 percent decrease in other for FY 2004 was due to a decrease in communications, advertising and engineering services for scanning prints, such as the Twins Park and Nature Preserve Bid, printing reproductions and advertising for all additional city projects, and omitting an annual railroad rental charge that was paid during the prior year. However, FY 2005 expenditures were budgeted to be higher than FY 2004 by 64 percent due to anticipated training opportunities, a change in communication packages, payment of annual railroad rental charges, increased vehicle insurance costs, and advertising and printing activities for the upcoming Center Valley Parkway and Satellite Fire Station projects.

Key Statistics and Indicators

Table 5-2 compares staffing levels and selected indicators for TED and the peers.

Table 5-2: FY 2004 Engineering Staffing Levels (FTEs) and Indicators

	Twinsburg	Avon Lake	Solon	Stow	Peer Average
Municipal Engineer	1.00	0.90	1.00	0.70	0.87
Assistant Municipal Engineer	1.00	0.70	1.00	1.00	0.90
Engineering Staff	3.00	3.95	6.50	2.50	4.32
Administrative Assistant	1.00	0.40	1.50	0.60	0.83
Seasonal/Student Intern	0.00	0.00	0.25	0.33	0.19
Total Engineering Staff	6.00	5.95	10.25	5.13	7.11
Lane Miles	195.90	145.00	385.00	327.50	285.83
Total Lane Miles Managed per FTE	32.65	24.37	37.56	63.84	40.20
Total Square Miles	12.48	11.13	20.59	17.34	16.35
Total Square Miles per FTE	2.08	1.87	2.01	3.38	2.30
Total Managed Contracts	21	23	32	8	21
Total Managed Contracts per FTE	3.50	3.87	3.12	1.56	2.95
Total Population	17,236	19,782	22,248	34,290	25,440
FTE per 1,000 Residents	0.35	0.30	0.46	0.15	0.28

Source: Twinsburg and peer city engineering departments and Municipal census data (2003 estimate)

Table 5-2 indicates that TED employs 6.0 FTEs, which is 15.6 percent lower than the peer average. In addition, **Table 5-2** shows that TED manages 18.8 percent fewer lane miles per FTE than the peer average. However, if Stow is excluded from the lane miles managed per FTE comparison, the City is comparable to the Solon and Avon Lake peer average (30.97). The number of square miles maintained per FTE is greater than Avon Lake and Solon. During FY 2004, TED managed 3.5 project contracts per FTE, which is 18.6 percent greater than the peer average. Lastly, Twinsburg has the second highest number of FTEs per 1,000 residents when compared to the peers.

When reviewing the staffing ratios as a whole and excluding Stow, TED's staffing levels overall appear comparable to the peers. However, Twinsburg devotes slightly more FTEs within the municipal engineer, assistant municipal engineer, and administrative classifications, which contributes to the slightly lower number of lane miles per FTE and higher number of total staff per 1,000 residents. Twinsburg is higher than the peer average in the municipal engineer classification due to two of the peers employing municipal engineers that conduct building and planning department activities. Avon Lake's Assistant Municipal Engineer conducts planning activities in addition to engineering responsibilities. The peer administrative assistants perform additional activities that are not within their respective departments. In short, the City's organizational and reporting structure results in slightly higher management and administrative support in TED (see **F5.5** and **R5.5**).

Assessments Not Yielding Recommendations

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **Staffing:** Although TED devotes slightly more FTEs to management and administrative classifications than Avon Lake and Stow, its overall staffing is comparable to Avon Lake and Solon given its existing workload indicators (see **Table 5-2**).
- **Capital Improvements:** TED conducts competitive bidding activities in accordance with City codified ordinance section 6.03-contracts and purchasing, and Ohio Revised Code (ORC) §307.86. The City's capital planning process provides specific detail on the procedures in place for developing, managing, and monitoring contracts for capital improvement projects. Furthermore, the City conducts extensive planning for capital improvement needs and financial management. The department utilizes the five year capital plan process and monthly project management reports to the Mayor to help guide departmental operations, functions, and infrastructure development. TED also utilizes the services of outside contractors and the Ohio Department of Transportation to assist with contracts, inspections, forestry, and street development.
- **Technology:** The department utilizes a similar amount of software when compared to the peers to complete daily engineering activities. The use of GIS and AutoCAD software enables City data to be useful for project development and infrastructure improvement. Additionally, the Department can utilize Microsoft Access and Microsoft Excel to track workload indicators, such as the number of permits, inspections, and contracts managed per year, to enable management to determine the effectiveness and efficiency of staff (see **F5.1**).

Noteworthy Accomplishments

The following are noteworthy TED accomplishments identified during the course of the performance audit:

- **Road Conditions:** According to information reported by the City and peers to the Ohio Public Works Commission, Twinsburg has a high number of excellent and good rated road conditions within its limits. Of the roads within the City of Twinsburg, 83 percent are in excellent and good condition – 11 percent higher than the peer average for roads rated as excellent and good. The City's planning activities, external funding sources, and number of employees conducting road maintenance activities appear to contribute to the favorable road condition ratings (see the **service department** section for additional

support information). According to the Municipal Engineer, 35 percent of roads were installed or upgraded within the last 5 years, 34 percent between 5 and 10 years, and 25 percent between 10 and 15 years, which further contributes to the City's favorable road condition ratings. Furthermore, the department receives Issue 2 funding, motor vehicle permissive tax (see **F5.2**), and street construction maintenance repair funding for vehicle registration to conduct road maintenance and infrastructure improvements.

Findings and Recommendations

Organization and Staffing

F5.1 TED management staff prepares a monthly Mayor's report that summarizes activities and tasks completed within the department. However, TED management staff does not track workload drivers to assess the department's effectiveness and efficiency. The Municipal Engineer indicated that workload and quality indicators are not measured or tracked, due to the lack of time in daily schedules to complete such activities. Since the department 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. Although TED's staffing levels are generally comparable to the peers based on the number of lane miles, square miles and contracts (see **Table 5-2**), tracking the number of inspections and other specific activities would enable TED to fully ensure appropriate staffing levels and efficient use of staff time.

According to the 2004 International City/County Management Association (ICMA) publication *Performance Measurement*, measuring performance is important for:

- Focusing management's attention on quantifying and improving performance;
- Benchmarking;
- Identifying problem areas;
- Improving performance results; and
- Managing workload.

Additionally, the cities of Avon Lake and Solon track performance indicators, such as the number of permits issued and inspections conducted.

R5.1 To help measure performance and ensure appropriate staffing levels, the Engineering Department should compile and track workload drivers, and develop performance measures that correspond to each workload driver. Each performance measure should apply a standard to the workload indicator to measure its effectiveness and efficiency. Furthermore, Twinsburg should establish procedures for compiling data and utilizing internal software, such as Microsoft Access and Microsoft Excel, to store the collected data for analysis.

Based on the job responsibilities of the TED employees and discussion with the Municipal Engineer, examples of performance measures appropriate to this department include:

- Number of inspections by type;
- Number of engineering permits processed through the building department;
- Amount of engineering staff time spent surveying, inspecting, designing/drafting, estimating costs, and completing other key activities;
- Administrative time spent on clerical and other support activities;
- Staff and management time (in days) required to examine plans and specifications;
- Number of projects and proposals reviewed by type;
- Number of resident complaints for sidewalk and road surface repair;
- Number of grants submitted; and
- Number of grants rejected as a percent of total of grants submitted.

Road Improvements

F5.2 The City of Twinsburg has not enacted ORC § 4504.172 to generate an additional \$5.00 license plate tax for road improvement and rehabilitation. The City has opted not to implement the tax because Summit County is currently assessing three \$5.00 license plate levies for road maintenance. Therefore, the City does not want to impose another tax burden on its residents. The City currently receives 50 percent of one motor vehicle levy (\$2.50), and its residents are charged \$15 in county/city motor vehicle fees. The City currently maintains a majority of its roads in good to excellent condition as a result of planning and road maintenance activities conducted by TED and the Service Department (see the **service department** section for further support information). However, should state funding or other outside revenue for road improvements change in the future, additional sources of revenue may be necessary to continue road improvement activities that maintain the City's currently favorable road condition ratings.

Similar to Twinsburg, Stow receives 50 percent of one \$5 motor vehicle tax (\$2.50) and its residents pay \$15 per vehicle in county/city motor vehicle fees. Avon Lake levies and receives \$5 per vehicle. As Lorain County has not enacted any permissive license plate taxes, Avon Lake's residents pay a total of \$5 per vehicle in county/city motor vehicle fees. Of the total county/city motor vehicle registration fee of \$20 charged to Solon residents, Solon receives \$7.50 (100 percent of one \$5 levy and 50 percent of one \$5 levy) and Cuyahoga County receives \$12.50. In addition to the county and city motor vehicle fees outlined above, a \$20 State license fee is assessed for vehicle registrations in Ohio.

R5.2 In the future, if the City determines that road improvement revenue streams are insufficient to maintain roads and infrastructure at a satisfactory level, it should consider levying, by ordinance or resolution, the motor vehicle levy in accordance with ORC §

4504.172. Determining the need for an additional levy is also important because increasing this permissive license plate tax by \$5.00 would increase the motor vehicle license registration fee for City residents to \$20.00 for each vehicle.

Financial Implication: If the City decides to implement this motor vehicle tax, the levy would provide additional revenues of approximately \$63,000 annually. The additional revenue is based on the premise that the City would receive 100 percent of the revenue for approximately 12,606 passenger vehicles, which is 85 percent of total passenger vehicles listed in the FY 2004 Ohio Bureau of Motor Vehicles municipal report. The Ohio Department of Motor Vehicles recommends using 85 percent to take into consideration vehicles that may not re-register.

Sidewalk Maintenance

F5.3 The City does not have a formal sidewalk repair program. ORC §729.02 indicates that a municipal corporation has the legislative authority to require the construction or repair of sidewalks by lot owners based on plans and specifications developed by the municipal corporation. If the sidewalks are not repaired by the lot owners in accordance with the plans and specifications, the municipal corporation can construct or repair the sidewalks and assess the cost against the lots. According to the Municipal Engineer, the City had a sidewalk repair program in previous years. However, the program had to be abandoned due to funding constraints and the City's reluctance to assess residents which could inevitably result in some level of delinquencies. Therefore, this would hinder the City's ability to fully replenish the program fund. In 2001, the Municipal Engineer completed a sidewalk study including draft ordinances. The study was submitted to City Council but has never been acted upon.

The current sidewalk repair program consists of an informal program and a program related to the sale of property. The informal program is to only repair/replace sidewalks associated with capital improvement projects or the failure of City owned underground utilities or trenches. The other program requires repair/replacement anytime a building, structure, or premises within city limits is to be sold or ownership transferred in accordance with City Ordinance 1365-Point of Sale Exterior Inspection.

The lack of a sidewalk repair program impacts infrastructure improvement and beautification of the city for all its residents, and increases the possibility of resident complaints and concerns. According to Avon Lake's city engineer, sidewalk repairs are conducted through resident request. Residents call to request sidewalk repairs or report sidewalk deficiencies and the engineering department reviews areas that need repair. If sidewalks are deemed to need repair, they are put on a repair list. Once the list reaches at least 450 square feet, Avon Lake City Council passes a Resolution of Necessity to repair sidewalks. When the time expires for residents to repair sidewalk damage, Avon Lake

out-sources the repair work to a contractor, and then assesses the property owner for the repair costs. The city engineer indicated that the city has a \$20,000 per year sidewalk repair program.

Solon completed its own internal assessment of its sidewalk repair program during June 2002. Areas addressed in the study included:

- Locations of sidewalks in need of repair and associated costs;
- Specific sidewalk sites for proposal and developer assistance;
- Mapping, prioritization, and ranking of sidewalks to repair, based on discussions involving appropriate city officials; and
- Recommendations to the City for sidewalk site repairs.

Sidewalk repair and maintenance is performed and funded by Solon. To date, Solon has not assessed sidewalk maintenance to its residents.

In 2003, at the request of City Council, the Stow service department initiated a city-wide sidewalk repair program. Two part-time employees are responsible for inspecting and marking the blocks for repairs and overseeing the daily activities during construction. In order to improve the acceptance of this program by residents, the City only assessed the residents for the cost of slab-jacking or concrete replacement. The City absorbed the cost for:

- Installation of wheelchair ramps;
- Removal of trees and roots that were heaving portions of sidewalk;
- Administration of the program;
- Repairs to downspouts under the work;
- Restoration; and
- Permit fees.

Stow residents also have the option of hiring their own contractor or personally completing repairs. According to the department director, the vast majority of residents select the City.

R5.3 The City should establish a sidewalk repair program that includes specific policies and procedures in accordance with ORC §729.02; the location of sidewalks to repair and associated costs; mapping, prioritization and ranking of repairs; specific areas for proposal and developer assistance; and recommendations for repair. The program should be based on the 2001 study completed by the Municipal Engineer, including any

appropriate updates since the study, for the repair and maintenance of sidewalks. The program should also specify deadlines for improvement, ways to monitor progress prior to the City becoming involved in the repair process, and resident delinquency remedies – particularly if the City decides to assess the repair costs to its residents. Implementing a sidewalk repair program would help to improve the City’s infrastructure and overall beautification, and decrease the possibility of resident complaints and concerns.

Technology

F5.4 At the time the audit was conducted, TED was not adhering to the City’s voice and electronic internal communications policy covering copyright laws for all city employees. The policy states that employees may not install software on City-owned equipment without approval from the information technology coordinator, and that approval is limited to a single installation or use. It further states that employees may not install City-owned software on personal home computers. The Department currently has three workstations installed with AutoCAD software; however, the City only has two licenses for use of the software. Having three workstations equipped with the AutoCAD software could result in more than two city users accessing AutoCAD software at the same time, which is a copyright liability to the City. According to the Municipal Engineer, TED has subsequently deleted AutoCAD software from one of its current computer workstations to comply with regulations, and staff has been directed to consult the IT department on all computer hardware and software matters.

The Ohio Department of Administrative Services (ODAS) policy ITP A.5 indicates that the Federal Copyright Act protects the exclusive rights of copyright holders and does not give users the right to copy proprietary software unless a backup copy is provided by the manufacturer. According to ODAS, it is improper to make copies of proprietary software for any other purpose unless the license agreement stipulates otherwise. Furthermore, ODAS offers an additional solution, which is to purchase a site license which can be purchased at a flat fee, and grants the licensee the right to duplicate a predetermined number of copies of a particular software package.

ODAS section ITP A.5 recommends that it is the responsibility of the city to develop a policy regarding copying and copyright issues for all city departments. The policy should clearly stipulate the rules for the city, as well as any disciplinary action tied to violating the rules. Although the City currently has an internal copyright policy, it is vague. More specifically, the policy does not detail or reference the actual copyright laws. In addition, the policy does not explain the progression of disciplinary action or the implications and liability to the City and affected employees for violating the policy and copyright laws.

R5.4 The City of Twinsburg should implement safeguards to further ensure employee compliance with ODAS and internal City policies. Additionally, the City should update

its policy to mirror the ODAS policy, including information or references to the actual copyright laws and an explanation of the implications to the City and affected employees for violating the policy and laws. It should also include the progression of disciplinary action for violating the policy and laws, and ensure it is consistent with the collective bargaining agreements and the City's personnel policies. Furthermore, engineering department management should ensure that all department employees adhere to the voice and electronic communications use policy. If the City determines that additional copies of AutoCAD software or other types of software are needed, it should consider purchasing a site license.

Department Consolidation

F5.5 Although the City requested that this performance audit review the potential to consolidate the engineering department within other departments, a new department, The Department of Community Planning and Development, was established in November 2004. It consists of the city planner, the building commissioner, the municipal engineer, the city architect, and other personnel as deemed appropriate by Council. While TED provides assistance to other departments and its responsibilities encompass activities related to other departments, it still operates as a separate department. As a result, there may still be opportunities to streamline the organizational structure of this new department. The new department is managed by the Director of Community Planning and Development. According to City Resolution 130-2004, City Charter section 7.11 states

“The department of community planning and development shall administer the comprehensive plan, zoning code, and building code and subdivision regulations. The director shall be appointed by the Mayor and shall review and coordinate all planning and development activities in all divisions and departments of the City. The director shall report and make recommendations to the Mayor and Council on all planning and development issues, and shall provide staff support for the Planning Commission, the Board of Zoning Appeals, the Architectural Review Board and the Environmental and Historic Preservation Commission.”

All management and administrative employees within TED conduct activities strictly within the engineering department's responsibilities, rather than allocating specific time to performing functions for other city departments. The Municipal Engineer managed activities for both the Building Department and TED for a six month period, until the City hired a new building commissioner.

The City of Avon Lake operates a combined engineering and planning department, while the City of Solon operates an engineering and construction department. The City of Stow operates a service department which consists of the divisions of engineering, water, building, streets, parks, zoning, forestry, and administration. In contrast to Twinsburg, management activities for Avon Lake and Stow are performed for multiple areas within

departments. As noted in **Table 5-2**, Avon Lake's Municipal Engineer spends 10 percent of total time managing planning activities, and Stow's Municipal Engineer spends 30 percent of total time managing building activities. Avon Lake's assistant Municipal Engineer spends 30 percent of total time conducting managerial planning activities. The Avon Lake Municipal Engineer commented that the engineering department was combined with the planning department when its city planner left the City four years ago. The City did not replace the planner, and the director picked up the additional responsibilities. The Stow Municipal Engineer commented that its engineering and construction department was structured during 1988. He indicated that the combination of service departments works well due to the parallels between the departments such as residential and commercial construction, engineering inspections for sidewalks and grading, and on-sight inspection work. Lastly, the peer administrative assistants perform additional activities that are not within their respective departments.

Due to the differences in the aforementioned organizational structures, TED devotes slightly more FTEs within the municipal engineer, assistant municipal engineer, and administrative assistant classifications, when compared to Avon Lake and Stow (see **Table 5-2**). However, this may also be partially due to differences in the level of assistance provided by TED and the peers to other city departments. For example, the Municipal Engineer indicated that TED assists the Parks Department with construction, master planning and building maintenance, and the Police and Fire departments with maintenance, communication, additions and new buildings. Nevertheless, by reviewing management and administrative staffing in other departments and areas (e.g., building, planning, parks, etc.) that were outside the scope of this performance audit, the City may be able to reduce the number of positions by consolidating functions and responsibilities.

R5.5 As the new department begins operating under the current structure, the newly appointed Director of Community Planning and Development should identify ways to streamline the structure, and eliminate duplicative managerial and administrative functions. Doing so could enable the Director to consolidate managerial and administrative duties among the Engineering, Building, and other Community Planning and Development departments, thereby reducing overall managerial and administrative staffing levels. This consolidation could include the Service Division of the Public Works department; however, this would require a change to the city charter and would be subject to voter approval. In addition to improving the span of control, combining parallel departmental duties would improve communication and coordination and increase the effectiveness of operations. Furthermore, the Director of Community Planning and Development should work with the Municipal Engineer to continually develop processes to increase departmental performance and enhance operations (see **R5.1**)

Financial Implication Summary

The following table presents a summary of the annual revenue enhancements discussed in this section. For purposes of this table, only recommendations with quantifiable financial impacts are included.

Summary of Financial Implications for the City of Twinsburg

Recommendations	Estimated Revenue Enhancement (Annual)
R5.2 Revenue from an additional motor vehicle levy	\$63,000
Total	\$63,000

Fitness Center

Background

This section of the performance audit reviews aspects of the Twinsburg Fitness Center (TFC). The analysis contained in this section includes comparisons with peer municipal fitness center operations in the cities of Brecksville, Solon and Westlake. In addition, corporate membership rates in Macedonia are included in the fee comparisons.

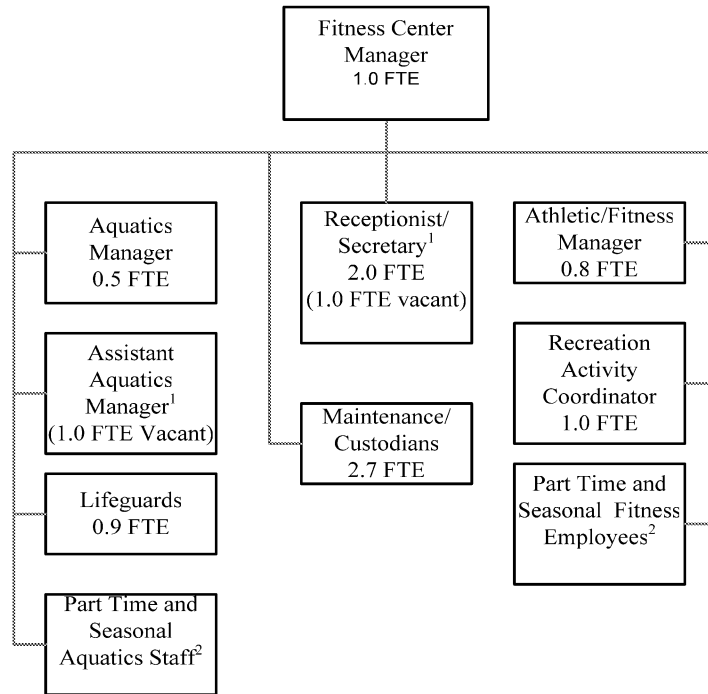
The following questions were used to guide the analysis of the Fitness Center:

- Are staffing levels appropriate and adequate for programs offered and overall fitness center operations?
- Are Twinsburg fitness center revenues and expenditures comparable to peers?
- Do membership, program, user, and rental fees offset operational costs and are they appropriate for the services offered?
- Is the use of the facility and participation in activities and programs at an optimal level, and is the fitness programming comparable to the peers?
- How does TFC ensure customers are satisfied with the activities and use of the facility?
- Do the marketing strategies effectively promote the fitness center and maximize participation?
- Is the cleaning, maintenance and overall upkeep of the facility comparable to peers, and in compliance with Ohio Revised Code (ORC) and regulations for fitness center operations?

Organizational Chart and Staffing

Chart 6-1 provides an overview of TFC's organizational structure and staffing levels by functional area. The Fitness Center Manager reports directly to the Recreation Department Director.

Chart 6-1: TFC Organizational Chart



Source: Twinsburg Fitness Center Employee Manual

¹Assistant aquatics manager and one full time receptionist position have been reduced through attrition and will not be replaced.

²Part time FTEs are variable and based on the number of programs.

Chart 6-1 shows the use of full time City employees in TFC, according to full time equivalents (FTEs). An FTE is defined as an employee that works 40 hours per week. As of December 31, 2004, there were 10 full time employees (8.9 FTEs) dedicating time to the TFC. The Fitness Manager, Aquatics Manager and Lifeguard spend some time performing activities for the Recreation Department, and one of the maintenance/custodian employees spends two hours per day at the Senior Center. In addition, the part time hours per week were equivalent to 14.1 FTEs in 2004, while seasonal employees made up an additional 3.5 FTEs during the summer months.

Organization Function and Summary of Operations

According to the TFC mission statement, the Fitness Center is to provide quality programs that promote fitness, health, vigor and vitality for residents living and corporate employees working in the geographical boundaries of the Twinsburg City School District. TFC is comprised of the following four departments:

- **Fitness Department:** consists of the Athletic/Fitness Manager and Recreation Activity Coordinator, who develop and monitor fitness programs; organize leagues; and supervise field house, fitness room and multi-purpose room activities.
- **Aquatics Department:** consists of the Aquatics Manager and full time Lifeguard who provide supervision, life guarding and program instruction in the Natatorium (pool and locker room area).
- **Reception/administrative Department:** consists of a Secretary and Receptionist who provide front desk coverage to greet members and administrative support as required. In addition to checking in members and visitors, the staff is responsible for selling, renewing and processing memberships; and updating the fitness center management software database.
- **Custodial Department:** consists of three employees who provide the daily maintenance and custodial services necessary to operate and maintain facilities and equipment.

Additionally, TFC hires and/or contracts part time staff to run programs in the Fitness and Aquatics Departments, and to help operate the front desk and perform receptionist duties in the reception/administrative department.

Financial Data

Table 6-1 presents the actual revenue for Calendar Years (CY) 2002 to 2004.

Table 6-1: Twinsburg Fitness Center Revenues CY 2002-04

	2002	2003	% Change	2004	% Change	% of Total
Membership	\$560,866	\$572,685	2.1%	\$601,585	5.0%	57.4%
Programs	\$152,100	\$164,847	8.4%	\$179,203	8.7%	17.1%
Daily Admissions	\$68,986	\$63,029	-8.6%	\$68,182	8.2%	6.5%
Rentals	\$47,466	\$46,822	-1.4%	\$56,350	20.3%	5.4%
School Reimbursement	\$24,818	\$24,776	-0.2%	\$32,687	31.9%	3.1%
Concessions	\$7,849	\$7,685	-2.1%	\$8,370	8.9%	0.8%
Miscellaneous	\$3,148	\$158	-95.0%	\$202	27.8%	0.0%
Merchandise	\$1,123	\$882	-21.5%	\$635	-28.1%	0.1%
Advertising/sponsorship	\$0	\$0	0.0 %	\$75	0.0%	0.0%
TFC Revenues	\$866,356	\$880,884	1.7%	\$947,289	7.5%	90.5%
GF Transfers	\$200,000	\$250,000	25.0%	\$100,000	-60.0%	9.5%
Total Revenues	\$1,066,356	\$1,130,884	6.1%	\$1,047,289	-7.4%	100%

Source: Twinsburg Fitness Center Income and Expense Report

As shown in **Table 6-1**, memberships and programs comprised 75.4 percent of total revenues in 2004. In addition, they averaged 68.9 percent of total revenues from 2002 to 2004 and increased in both 2003 and 2004, causing total TFC-generated revenues to increase. As a result, the General Fund transfers decreased considerably in 2004. However, the reduction in General Fund transfers is also attributable to inconsistent utility billings (see utilities in **Table 6-4**). TFC revenues and General Fund transfers are further assessed and compared to the peers in *Key Statistics and Indicators*.

Table 6-2 presents the expenditures for CY 2002 to 2004.

Table 6-2: Twinsburg Fitness Center Actual Expenditures CY 2002-04

	2002	2003	%Change	2004	% Change
Salaries	\$597,505	\$609,316	2.0%	\$637,050	4.6%
Benefits¹	\$146,487	\$163,110	11.3%	\$161,791	(0.8%)
Professional services	\$53,299	\$66,961	25.6%	\$54,278	(18.9%)
Purchased Services²	\$24,658	\$28,571	15.9%	\$31,483	10.2%
Materials/Supplies³	\$27,968	\$31,153	11.4%	\$34,741	11.5%
Utilities	\$142,023	\$185,515	30.6%	\$16,637 ⁴	(91.0%)
Capital/Equipment other	\$0.00	\$0.00	0.0%	\$22,733	100.0%
Other⁵	\$40,126	\$45,874	14.3%	\$47,827	4.3%
Refunds	\$12,406	\$11,352	(8.5%)	\$10,754	(5.3%)
Total Expenses	\$1,044,472	\$1,141,852	9.3%	\$1,017,294	(10.9%)

Source: Twinsburg Fitness Center Income and Expense Report

¹ Benefits include unemployment and travel. The slight decrease in 2004 is due to an employee with family coverage leaving TFC and being replaced by an employee taking single coverage.

² Purchased services include rents, leases, and miscellaneous contractual services.

³ Materials/supplies includes office and operating supplies.

⁴ This relatively low amount is due to inconsistencies in billings. Actual invoices for 2004 show that utility costs were \$171,822.

⁵ Other includes communications, maintenance and facility equipment, repairs/maintenance, and print/reproduction/advertising.

As shown in **Table 6-2**, TFC's 2004 expenses were 10.9 percent lower than 2003. Explanations for significant variances include:

- *Professional services for 2004:* Professional service expenses decreased in 2004 due to management eliminating programs with low participation rates (see **F6.3**).
- *Purchased services for 2003 and 2004:* TFC entered into a maintenance agreement in 2003 for the additional equipment related to the fitness center expansion in 2001. The increase in 2004 relates mostly to repairs and maintenance of fitness center and pool equipment. Purchased services comprised only 3 percent of total expenditures in 2004.

- *Materials/Supplies for 2003 and 2004:* The increases are due to the increased cost of operating supplies needed to maintain and run the facility, and the City charging TFC for office supply purchases. These expenses represent less than 4 percent of total expenditures.
- *Utilities expense for 2003 and 2004:* There is a single point of entry and metering in the Twinsburg High School for gas, water and electric services for the TFC. As a result, the High School bills TFC for utilities based on square footage. However, the Twinsburg City School District does not bill TFC for utilities in a timely and consistent manner (see **issues requiring further study**), which primarily explains the volatile trends in utility expenses. For instance, actual invoices for 2004 show that utility costs for TFC were \$171,822, thereby increasing total expenses for TFC to \$1,172,539. However, this is still approximately 2.7 percent lower than total expenses in 2003.
- *Capital Equipment for 2004:* An auxiliary water heat booster for the pool was added to ensure adequate water heat in the event the High School's boiler was shut down for maintenance or repair.

Key Statistics and Indicators

Table 6-3 displays CY 2004 operating revenue as reported by TFC and the peers.

Table 6-3: Peer Revenue Comparison CY 2004

	Twinsburg	Brecksville	Solon ¹	Westlake	Peer Average
Membership	\$601,585	\$396,426	\$821,530	\$1,210,258	\$809,405
Programs	\$179,203	\$144,531	\$149,416	\$248,875	\$180,941
Daily Admissions	\$68,182	N/A	\$47,053	\$73,822	\$60,438
Rentals	\$56,350	\$31,175	\$95,326	\$47,147	\$57,883
Concessions	\$8,370	N/A	\$86,084	\$18,869	\$52,477
Merchandise	\$710	\$1,972	N/A	\$110	\$1,041
Miscellaneous	\$32,889	\$9,443	\$3,050	\$25,502	\$12,665
Total Revenue	\$947,288	\$583,547	\$1,202,459	\$1,624,582	\$1,136,863
Population²	21,626	13,382	22,251	31,719	22,451
Members	5,418	6,564	10,101	12,176	9,614
Building Square Feet	80,955	48,000	83,500	84,000	71,833
Median Income of City	\$61,638	\$76,159	\$78,903	\$64,963	\$73,342
Revenue per population	\$44	\$44	\$54	\$51	\$51
Revenue per member	\$175	\$89	\$119	\$133	\$118
Revenue per Square foot	\$11.70	\$12.16	\$14.40	\$19.34	\$15.83
Membership Revenue per Square foot	\$7.43	\$8.26	\$9.84	\$14.41	\$11.27
Program Revenue per Square foot	\$2.21	\$3.01	\$1.79	\$2.96	\$2.52
Membership and Program Revenue per Square Foot	\$9.64	\$11.27	\$11.63	\$17.37	\$13.79

Source: Twinsburg and Peer Actual Expenditure and Revenue Reports, 2001 Census reports, and other information from entities

¹ Solon does not include learn to swim programs in revenues for the community center.

² Twinsburg and Solon population includes residents from their respective school districts as they serve these residents.

As shown in **Table 6-3**, TFC's revenue per member is 48.3 percent higher than the peer average. However, its revenue per population and square foot are 13.7 and 26.1 percent lower than the peer average, respectively. This is due to lower market penetration (see **F6.1**) and program participation (see **F6.3**), which also contributes to TFC's lower membership and program revenues per square foot. As a result, the higher revenue per member is due to TFC's fees (see **F6.2**). **Table 6-3** also shows that Twinsburg has the lowest median income when compared to the peers, suggesting that residents do not have as much disposable income to spend on memberships at TFC. However, Twinsburg's median income is only five percent lower than Westlake, while its market penetration is 35 percent lower than Westlake (see **F6.1**).

Table 6-4 displays the peer expense comparison for CY 2004.

Table 6-4: Peer Expense Comparison CY 2004

	Twinsburg	Brecksville	Solon¹	Westlake	Peer Average
Salaries	\$637,050	\$845,268	\$660,568	\$890,446	\$798,761
Benefits²	\$161,790	\$184,336	\$116,154	\$198,006	\$166,165
Professional services	\$54,278	\$56,656	\$28,264	\$103,788	\$62,903
Purchased Services³	\$31,483	\$552	\$84,162	\$126,531	\$70,415
Materials/Supplies⁴	\$34,741	\$55,091	\$96,775	\$10,964	\$54,277
Utilities	\$171,882 ⁵	\$201,570	\$321,574	\$343,065	\$288,748
Capital/Equipment other	\$22,733	\$16,085	\$0	\$5,142	\$10,614
Other⁶	\$47,827	\$115,691	\$11,512	\$125,166	\$84,123
Refunds	\$10,754	\$1,983	\$4,373	\$9,981	\$5,446
Total Expenses	\$1,172,539	\$1,477,232	\$1,323,382	\$1,813,089	\$1,537,913
Building Square Feet	80,955	48,000	83,500	84,000	71,833
Population⁷	21,626	13,382	22,251	31,719	22,451
Members	5,418	6,564	10,101	12,176	9,614
Expense per population	\$54.22	\$110.39	\$59.48	\$57.16	\$68.50
Expense per square foot	\$14.48	\$30.78	\$15.85	\$21.58	\$21.41
Expense per member	\$216.42	\$225.05	\$131.01	\$142.58	\$159.97
Salary/Benefit cost per member	\$117.58	\$156.86	\$76.90	\$85.60	\$100.37
Professional Service per member	\$10.02	\$8.63	\$2.80	\$3.86	\$4.56
Purchased Services per square foot	\$0.39	\$0.01	\$1.01	\$1.51	\$0.98
Materials/Supplies per Square foot	\$0.43	\$1.15	\$1.16	\$0.13	\$0.76
Utility expense per square foot	\$2.12	\$4.20	\$3.85	\$7.08	\$4.02
Members per 100 square feet	6.0	13.7	12.1	14.5	13.4

Source: Twinsburg and Peer Actual Expenditure and Revenue Reports, 2001 Census reports and other information from entities

Note: Expenditures grouped to allow for a reliable comparison to peers.

¹ Solon does not include learn to swim programs in expenditures for the community center.

² Benefits include unemployment and travel.

³ Purchased services include rents, leases, and miscellaneous contractual services.

⁴ Materials/supplies includes office and operating supplies.

⁵ Based on actual invoices for 2004 due to inconsistencies in utility billings.

⁶ Other includes communications, maintenance and facility equipment, repairs/maintenance, and print/reproduction/advertising.

⁷ Twinsburg and Solon population includes residents from their respective school districts as they serve these residents.

Table 6-4 shows that TFC's total expenses per population and per square foot are 20.9 and 32.4 percent lower than the peer average, respectively. Purchased services and materials/supplies per square foot are each the second lowest and utility costs per square foot are the lowest when compared to the peers. However, total expense per member, salary/benefit expenses per member, and professional services per member are 35.8 percent, 17.0 percent higher, and 149.3 percent higher than the peer average, respectively. This is mainly due to TFC's lower market penetration rate (see **F6.1**) and lower members per 100 square feet. Both of these ratios suggest that TFC has the potential to increase memberships, without increasing its expenditures.

Table 6-5 displays the operating deficits of TFC and the peers without debt service. Only Solon and Westlake currently have debt service for their facilities.

Table 6-5: Net Gain/Loss on Operations CY 2004

	Twinsburg	Brecksville	Solon	Westlake	Peer Average
Total Operations Revenue	\$947,288	\$583,547	\$1,202,459	\$1,624,582	\$1,136,863
Total Operational Expenses	\$1,172,539	\$1,477,232	\$1,323,382	\$1,813,089	\$1,537,913
Net Gain/Loss on Operations	(\$225,251)	(\$893,685)	(\$120,923)	(\$188,507)	(\$401,038)
Loss as percentage of expenses	19.2%	60.5%	9.1%	10.4%	26.1%

Source: Twinsburg and Peer Expenditure and Revenue Reports

The operating deficit for TFC shown in **Table 6-5** accounts for the adjustment to utilities (see **Table 6-4**), thereby representing what the subsidy from the General Fund would have been in 2004 if utilities had been properly billed and paid. The Brecksville Community Center is only expected to cover about half its expenses according to the staff, which skews the peer average. TFC's deficit as a percentage of expenses is greater than both Solon and Westlake; however, Solon and Westlake also incur debt service payments not captured in **Table 6-4**. In 2004, Solon's debt service was \$530,590, with \$9,060,025 in debt and 19 years remaining on its bond schedule. Westlake's 2004 Community Center debt service was \$873,503, with \$18,036,469 in debt and 15 years remaining on its bond schedule. Westlake passed a special income tax to cover the Community Center debt and therefore does not rely on General Fund assistance for this debt service. Increasing memberships and program participation would reduce TFC's General Fund subsidy (see **R6.1** and **R6.3**).

Table 6-6 shows staffing levels for TFC and peers.

Table 6-6: Fitness Center Staffing

Position	Twinsburg	Brecksville	Solon	Westlake	Peer Average
Fitness Center Manager	1.0	0.7	1.5	1.5	1.2
Athletic/Fitness Supervisor	0.8	1.1	1.0	2.0	1.4
Aquatics Activities Supervisor/Coordinator	0.5	1.0	0.3	1.0	0.8
Life Guard	0.9	1.0	0.8	1.0	0.9
Recreation Activity Coordinator	1.0	1.0	0.2	0.0	0.6
Administrative/Front Desk	2.0	3.2	1.1	4.0	2.8
Maintenance/Custodian	2.7	4.2	4.0	5.0	4.4
Total Core Full Time FTE	8.9	12.2	8.9	14.5	11.9
Part Time/Seasonal FTE	17.6	23.8	12.9	31.0	22.6
Total FTE	26.5	36.0	21.8	45.5	34.5
Building Square Feet	80,955	48,000	83,500	84,000	71,833
Members	5,418	6,564	10,101	12,176	9,614
Square feet per full time FTE	9,096	3,934	9,382	5,793	6,036
Members per full time FTE	608.8	538.0	1,134.9	839.7	807.9
Square feet per Total FTE	3,055	1,333	3,830	1,846	2,082
Members per Total FTE	204.5	182.3	463.3	267.6	278.7
Members per 1,000 square feet	66.9	136.8	121.0	145.0	133.8
Square feet per Maintenance /Custodian FTE	29,983	11,429	20,875	16,800	16,326
Members per Maintenance/Custodian FTE	2,006	1,563	2,525	2,435	2,185

Source: City of Twinsburg and peers; employee lists, reports and narratives

Table 6-6 shows TFC's full time and total staffing is lower than the peer average. However, TFC appears efficiently staffed based on the size of its facility. Its square footage per full time and total FTE are both the second highest when compared to the peers. In contrast to facility size staffing ratios, TFC has 24.6 and 26.6 percent fewer members per full time and total FTE than the peer average, respectively. This is primarily due to low membership because TFC requires a certain level of staffing regardless of the number of members and program participants. Increasing the number of memberships would naturally improve staffing efficiency without requiring TFC to make significant staffing changes (see **R6.1**). Moreover, two full time FTEs (the Assistant Aquatics Director position and one Receptionist position) were reduced through attrition to reach the current level of core staff in an effort to more efficiently staff the TFC.

Table 6-6 also shows that TFC maintenance/custodian workers are responsible for 84 percent more square feet per FTE than the peers. However, cleaning and maintaining the facility is potentially easier because the usage of the facility is 50 percent lower than the peers. As a result, the number of members per maintenance/custodian FTE is 8.2 percent lower at TFC when compared to the peer average, and 20.6 and 17.6 percent lower than Solon and Westlake, respectively.

Table 6-7 illustrates the activity space of each facility.

Table 6-7: TFC and Peer Activity Space Comparison

	Twinsburg	Brecksville	Solon	Westlake
Total Square Feet	80,955	48,000	83,500	84,000
Gymnasium	3 courts	2 courts	2 courts	2 courts
Multipurpose Room	2	1 ¹	1	1
Fitness Equipment/ Weight area	1	1	2	1
Indoor Pool	Yes	Yes	Yes	Yes
Outdoor Pool	No ²	Yes	Yes	No ²
Meeting/Daycare Rooms	1 ³	2 ³	4 ³	2 ³
Banquet	N/A	N/A	3	2

Source: Floor plan and facility descriptions be each facility

¹ Brecksville's community room can be split in to 3 rooms and is currently used for programs and/or meetings.

² Although not related to the fitness centers, Twinsburg and Westlake each have an outdoor pool.

³ Twinsburg – one party/daycare room; Brecksville – day care room and game room; Solon – two meeting rooms, one art room, one day care room; Westlake – one daycare room and one art room

As shown in **Table 6-7**, TFC square footage is similar to Solon and Westlake. Although the centers somewhat differ in layout, each strives to utilize its space to accommodate programs and has the ability to use available space for multiple purposes. Solon and Westlake use their banquet rooms sparingly for light exercise classes such as yoga and Pilates, while Brecksville's community room is used for general fitness classes when not in use for meetings. In addition, Westlake and Brecksville hold karate, tai chi, aerobics and large fitness classes in their gymnasiums. TFC has two multi purpose rooms and one meeting/daycare room to hold fitness classes. TFC converted a storage room to the martial arts room; the second floor multi purpose room became available once the fitness area expansion was complete in 2001; and the meeting/daycare room can be used for some classes when not in use. The fitness coordinator states that the largest of these rooms is the second floor multi purpose room at 1,296 square feet, which can safely hold 18 participants for most classes. Classes were held in the gymnasium prior to the current rooms being available.

Assessments Not Yielding Recommendation

Assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **High School Use:** TFC receives revenue from the Twinsburg City School District based on a shared use agreement set forth in the *Joint Agreement for the Athletic Complex by and between Twinsburg City School District and the City of Twinsburg*. Twinsburg's agreement for shared use with the District provides revenue that most of the peer fitness centers do not realize. Brecksville only charges minimal fees to the school district. Twinsburg's High School use is no different than any other rental or membership income for the TFC. Pressure

on the District's finances directly affects the use of TFC facilities. From 2000 to 2004, total billings to the high school have ranged from a high of approximately \$41,500 in 2000 to a low of approximately \$24,800 in 2001 and 2002. Total billings to the high school in 2003 and 2004 were approximately \$32,700 and \$27,000, respectively. Furthermore, the joint agreement stipulates that TFC and the District are required to develop a shared use schedule prior to each school semester.

- **Staffing:** Based on **Table 6-6**, TFC has an appropriate core staffing level to manage daily operations and provide adequate supervision during operating hours. Additionally, using part time employees to facilitate programs provides management with the flexibility to efficiently schedule staff and meet the needs of members. Staffing efficiency would be improved by increasing memberships and program participation (see **R6.1** and **R6.3**). Furthermore, TFC's maintenance and custodial staffing level appears adequate based on the current use of the facility. Past cleanliness issues have been addressed and staff is sensitive to the expectations for cleanliness in the center based on current usage levels. The activity in a fitness center can directly affect the need for maintenance and custodial staff. Increases in membership and visitors may necessitate additional custodial staff in the future and should be monitored by management to ensure facility cleaning and maintenance schedules are adequate.
- **Rental Fees and Revenues:** Rental fees are reasonably consistent with peers based on rental options and rooms available at TFC. In addition, TFC's total rental revenue and rental revenue per square foot are higher than two of the peers, even though it has the smallest party room area for rental and does not have a banquet facility. The Twinsburg Recreation Department's banquet facility is a part of the activities/senior center. In contrast, Westlake and Solon have banquet rooms with kitchen facilities as a part of their fitness centers. Furthermore, rental revenue comprises the second highest percentage of total revenue at TFC, when compared to the peers.

Noteworthy Accomplishments

The following noteworthy TFC accomplishments were identified during the course of the performance audit:

- **Expenses:** TFC is spending less than the peers to operate the fitness center, based on the size of the facility. TFC's total expenses per population and per square foot are 20.9 and 32.4 percent lower than the peer average, respectively.

- **Programs:** Overall, participants per program and special event increased 6.0 and 7.1 percent in 2004, respectively. This is due, in part, to the TFC Manager and program managers eliminating classes with low participation.

Issues Requiring Further Study

The following are issues noted during the review of TFC that were outside the scope of this performance audit:

- **Technology:** TFC has software that tracks some daily statistics and supports daily business operations, but reporting appears to be limited and could be more conducive to managing the customer relationship, tracking key data such as program participation, developing programs, and increasing membership and planning. Therefore, the City and TFC should review current software capabilities in relation to needs. If the City and TFC decide that the current software is inadequate, prior to purchasing new software, they should research various software packages and select one that more adequately meets its needs and processes. Adequate software should help enable TFC to improve customer relationships, increase its membership base, and provide data so management can make more informed decisions.
- **Utility Billings:** The Twinsburg City School District does not bill TFC for utilities in a timely and consistent manner, which contributes to the volatile trends in utility expenses. TFC should continue to work with the Twinsburg City School District to establish a consistent billing cycle, which will enable TFC to appropriately budget and account for annual utility expenses.

Findings and Recommendations

Market Penetration

F6.1 TFC does not track its market penetration rate as a benchmark for decision making. Management states that current software capabilities make it difficult to identify new memberships, renewed memberships, and lost memberships by reason. These indicators represent key data which could be targeted for marketing purposes. Increasing membership is a function of adding new members and retaining current members. TFC reported a membership renewal rate of 43.8 percent for 2003, which, due to software and recording issues, may not be reliable. Due to changes in software, TFC was unable to report 2004 renewal rates. Westlake and Brecksville reported membership renewal rates for 2004 of 70 percent and 87 percent, respectively. Solon was unable to report a renewal rate.

Twinsburg's market for membership includes residents, as well as employees working for businesses located in the Twinsburg City School District. Westlake and Brecksville restrict their markets to the respective city limits, while Solon's is the Solon City School District. Brecksville is the only center that does not allow corporate membership for those working in the city. **Table 6-8** displays market penetration (memberships) based on the population of each geographical market for TFC and the peers.

Table 6-8: Market Penetration Comparison 2004

	Twinsburg	Brecksville	Solon	Westlake	Peer Average
Resident Members	5,037	6,564	9,851	11,099	9,171
Non-Resident Members	381	0	250	1,077	664
Total Members	5,418	6,564	10,101	12,176	9,614
Population	21,626	13,382	22,251	31,719	22,451
Resident members as a % of population	23.3%	49.1%	44.3%	35.0%	40.8%
Total members as a % of population	25.1%	49.1%	45.4%	38.4%	42.8%
Non-residents as a % of resident members	7.6%	0.0%	2.5%	9.7%	6.3% ¹

Source: Membership totals reported by TFC and peers

¹ Based on the average of Solon and Westlake's resident membership

As shown in **Table F6-8**, TFC's market penetration based on resident members as a percentage of the population is 42.9 percent below the peer average and 33.4 percent below the peer with the next lowest (Westlake) market penetration. Overall, TFC's market penetration has increased by less than one percent from 2002 through 2004. Market penetration can be affected by many factors, such as fees (see **F6.2**), programs

(see **F6.3**), marketing efforts (see **F6.4**) and customer satisfaction (see **F6.5**). For example, Brecksville and Solon have the highest penetration rates and lowest membership fees.

The article *Market Penetration for Research Libraries* discusses market penetration as it relates to non-profit service organizations. The idea behind measuring penetration is to gain a greater understanding of the extent to which the community makes use of services and in some cases to measure the extent and quality of use. In analyzing the market, assumptions about the extent to which communities will take advantage of services must be made and then measurement of the extent of use completed. Knowing what percentage of the market segment uses the services gives a metric for evaluating, over time, the impact of changes in services and/or marketing techniques designed to attract a greater percentage of the market segment. In combination with survey techniques, usage statistics, such as program participation, total number of visitors, and members as a percent of population, give accurate measures of use and restrict studies to those areas where data collection is meaningful. While it is important to understand what users of services value in those services, it is critically important to understand if non-users could be enticed to use the facility by offering different services.

Steps in using market penetration analysis should include improving the definition of market and market segment; developing simple hypotheses on market and market segment penetration for municipal fitness centers; and developing instruments (e.g., surveys, usage statistics) for market penetration analysis. Testing the instruments and understanding market penetration allows for the evaluation of relationships affected by changes in services and offerings. The success of new services can be measured by the rate of increase (or decrease) in market penetration.

R6.1 TFC should use market penetration statistics to gauge the effect of decisions made to meet customer needs, and ultimately increase and retain memberships. TFC and the City should ensure that its software is fully capable of tracking data impacting market penetration, such as renewal rates and reasons for not renewing memberships (see **Issues Requiring Further Study**). Using market penetration statistics would help TFC determine customer satisfaction and identify necessary changes in service offerings. Furthermore, TFC should implement strategies to increase its memberships and related market penetration rate, including the following:

- Cease raising membership rates until they reach levels similar to peer fitness centers, review the rates on a categorical basis, and develop promotional packages (see **R6.2**);
- Maximize program participation and track revenues and expenses by program to identify costly and ineffective programs (see **R6.3**);

- Develop a marketing plan that clearly identifies market segments, helps to analyze service offerings, and prioritizes segments that were ineffectively targeted in the past (see **R6.4**); and
- Develop and administer a survey to gauge overall customer satisfaction of the fitness center, and identify programming additions and changes (see **R6.5**).

As TFC implements these strategies, it should track changes in market penetration. Doing so would measure the effect of these strategies and further aid TFC in identifying other viable methods to maximize market penetration.

Financial Implication: If TFC increased the percentage of population with a membership to 38 percent, similar to Westlake but still much lower than Brecksville and Solon, it would obtain 2,800 additional memberships. This would increase revenues by approximately \$403,200 annually, assuming that TFC maintains its 2004 ratio of membership and program revenue per member (\$144) by not raising its current rates to help increase membership. However, increasing membership by this amount will depend on the timing of strategies implemented by TFC to increase membership, and the corresponding results will likely be realized in multiple years. Therefore, TFC should strive to increase market penetration by half of the difference between Twinsburg and Westlake as an initial goal, which would result in increased revenues of approximately \$201,600 annually.

Based on TFC's staffing and financial ratios, this financial implication assumes that operational costs for increasing memberships would not dramatically increase. For example, obtaining 2,800 additional memberships would increase members per full time FTE and total FTE to 923 and 310, respectively; higher than the peer averages of 808 and 279, respectively. However, when excluding Brecksville from the peer average, TFC's adjusted ratios are lower than the peer averages of 952 and 331, respectively. Furthermore, its expenditures per member would decrease to \$143, similar to Westlake but still higher than Solon.

Membership

- F6.2 TFC's low market penetration rate could be partially due to its high group membership fees. TFC membership rates were established at the opening of the facility and were based on information available at that time. The Council Finance Committee minutes from the March 12, 2002 meeting indicate that the Committee recommended increasing the membership fees by 15 percent starting in July 2002, with fees to increase five percent every year thereafter. At the March 12, 2002 Council meeting, a motion was passed to increase fees only by 15 percent, starting on July 1, 2002. There was no

mention of the five percent increase thereafter. Since July 1, 2003 rates have been increased, without formal Council approval, by 5 percent on each successive July 1st anniversary in 2003 and 2004. There had not been a decision on whether the increase will be effective in 2005, as of February 23, 2005.

Twinsburg School District residents and those employed by a business within the school district can purchase memberships. **Table 6-9** displays the membership offerings of TFC and the peers.

Table 6-9: Membership Offerings

Membership Type	TFC	Brecksville	Solon	Westlake
Resident	Yes	Yes	Yes	Yes
Non-Resident	No	No	Yes ¹	No
Corporate	Yes	No	Yes	Yes

Source: 2004 membership fee sheets for each center

¹ Glenwillow is in the Solon School District and pays the corporate rate to belong to Solon Community Center.

As shown in **Table 6-9**, TFC offers resident and corporate memberships. Corporate memberships include anyone working within the Twinsburg City School District. Memberships in Twinsburg can be purchased by year, by month, or in 3 month increments. Brecksville only provides resident memberships. Solon permits memberships for non-residents living in Glenwillow. Additionally, Solon offers six month and summer memberships. Westlake offers a membership for those working in the city and a quarterly rate is available for all categories in Westlake.

TFC and the peers provide similar programs and activities. **Table 6-10** displays CY 2004 resident membership fees for TFC and peers.

Table 6-10: CY 2004 Annual Resident Membership Rates

	TFC	Brecksville	Solon	Westlake	Peer Average
Individual	\$191	\$140	\$200	\$235	\$192
Family 3+	\$380	\$245	\$295	\$370 ¹	\$303
Family 2	\$353	\$245	\$295	\$300	\$280
Senior ²	\$171	\$60	\$100	\$150	\$103

Source: Published Membership Pricing for CY2004

¹ Family up to 4, thereafter each additional youth \$40 each

² Age for senior category by City; Twinsburg-65+, Brecksville-60+, Solon-55+, and Westlake-60+

As shown in **Table 6-10**, TFC annual resident membership rates for individuals are similar to the peer average, but lower than two peers. In all other categories, TFC's resident rates are the highest when compared to the peers, even though the City's median income is lower than the peers (see **Table 6-3**). The Brecksville Community Center

indicated that it is only expected to cover about half of its expenses, which may contribute to its fees being lower than the other centers.

Table 6-11 displays the corporate (non-residents working in the city) membership rates for TFC and the peers.

Table 6-11: CY 2004 Annual Corporate Membership Rates

	TFC	Macedonia ¹	Solon ²	Westlake ³	Peer Average
Individual	\$287	\$300	\$300	\$345	\$315
Family 3+	\$571	\$500	N/A	\$615 ⁴	\$558
Family 2	\$529	\$400	\$425	\$500	\$442
Senior 65+	\$257	\$175	\$180	\$220	\$192

Source: Published Membership Pricing for CY2004

¹ Macedonia was included since it accepts non-resident members, which puts them in direct competition with TFC for corporate members. In addition, Brecksville does not offer corporate or non-resident memberships.

² Glenwillow residents pay the corporate membership rate in Solon.

³ Westlake offers a 10 or 20 percent discount for corporate memberships with 10 or 50 plus employees, respectively.

⁴ Family up to 4, thereafter each additional youth \$55 each

As shown in **Table 6-11**, TFC individual corporate membership rates are slightly lower than those in Macedonia and Solon. However, corporate rates for couples, family 3+, and seniors are higher than the peer average. Macedonia is adjacent to the City of Twinsburg and offers non-resident rates, regardless of employment in the City, which are lower than Twinsburg. In contrast to TFC and the other peers, Macedonia does not offer field house activities, which could partially account for the lower rates. Nevertheless, because Macedonia does not require employment in the city to qualify for a corporate/non-resident membership, employers in Twinsburg may be more inclined to obtain a corporate membership in Macedonia due to its lower fees.

TFC corporate rates are most similar to Westlake, which has the highest number of corporate memberships among the peers (see **F6.4**). Westlake has 1,077 corporate members compared to 381 at TFC. Westlake's corporate membership as a percentage of the population is 3.8 percent, much higher than TFC's rate of 1.7 percent. As an incentive for corporate membership, Westlake offers a 10 percent discount when employers have 10 or more employees join, and a 20 percent discount when 50 or more employees join. TFC could employ similar strategies to increase membership.

Table 6-12 compares the number of members per membership at TFC to the peers.

Table 6-12: Membership Packages versus Members

	Twinsburg	Brecksville	Solon	Westlake	Peer Average
Memberships	2,351	3,022	3,791	4,508	3,774
Members	5,418	6,564	10,101	12,176	9,614
Members per membership	2.3	2.2	2.7	2.7	2.6

Source: TFC and peer membership reports

Table 6-12 shows that TFC has 11.5 percent fewer members per membership than the peer average. Additionally, TFC has 14.8 percent fewer members per membership than Solon and Westlake. Therefore, TFC's rate of group memberships is lower than Solon and Westlake, which may be due to its higher group membership fees for residents and non-residents.

As shown in the above tables, TFC's fees are the highest in five of the eight total categories and five of the six categories for group memberships when compared to the peers. This may contribute to TFC's lower market penetration rate (see **Table 6-8**) and higher operating deficit (see **Table 6-5**). This, in turn, contributes to underutilization of staffing, programs, and facility resources.

R6.2 In an effort to increase memberships, TFC should cease raising membership rates until membership levels are similar to peer fitness centers, especially in the group membership area. Rather than increasing rates by an arbitrary amount of five percent annually, TFC should review the rates on a categorical basis to ensure they are appropriate for the market and maximize demand. Goals for membership should take into account the expenses necessary to provide supervision and program staff to meet customer needs. In the future, prior to publishing any rate changes, TFC management and the Recreation Director should ensure that rate increases are accepted and passed by Council, and reflected as such in the Council minutes.

TFC should also consider developing promotional packages aimed at quickly increasing membership while monitoring expenses. More specifically, TFC should consider offering discounts for corporate memberships similar to Westlake Recreation Center's corporate discount program. By offering 10 to 20 percent discounts for businesses with 10 or more employees who join the center, TFC could increase corporate memberships to a similar level as Westlake and correspondingly increase revenues. Tracking the corporate memberships by employer will let TFC communicate to local companies the number of employees participating and the additional number of employees necessary to join in order to receive the discounts.

Programs

F6.3 TFC provides programs and classes similar to the peers, but has lower participation rates. Additionally, ultimate decisions about programs are driven by community response and needs, which can be gauged through a marketing plan and customer survey (see F6.4 and F6.5). While only Twinsburg City School District residents can purchase memberships, anyone can participate in the fee based programs. Major program areas include swim lessons, aquatics, and fitness. According to the TFC Manager, some of the most successful programs include swim lessons, karate, aerobics, and kick boxing. The basketball league currently has eight teams participating.

TFC fitness class programs which require an additional fee (\$35 per month or \$44 for 12 sessions for members) include: Aero Step, Core Conditioning, Flexible Strength, Kick I.T., Muscle Madness, On the ball conditioning, Power Yoga, Rock Bottom/Cardio Express, Silver F.E.A.T. (Fun, Exercise, Agility and Training), Step and Sculpt, Step Sensation, T.A.G., Total Body Toning, Yoga, Yogilates, and combination classes. All instructors are certified and participants can purchase a variety of packages from 12 classes to six months at a time to meet their work out routine requirements. These classes are similar to peer offerings and emphasize cardio, strength training and relaxation techniques to promote health and wellness.

Table 6-13 presents the number of classes offered and participation levels by category for 2003-2004.

Table 6-13: Class Participation for 2003-2004

Program Description	2003		2004 ¹		Percent Change	
	Classes offered	Parti- pants	Classes offered	Parti- pants	Classes offered	Partic- ipants
Preschool aged aquatics programs	147	546	146	577	(0.6%)	5.7%
School aged aquatics programs	161	972	169	925	4.9%	(4.8%)
Adult aquatics programs	61	227	81	319	32.8%	40.5%
Preschool programs	69	344	76	466	10.1%	35.5%
School aged fitness programs	109	509	96	393	(11.9%)	(22.8%)
Adult fitness programs	188	1,064	77	713	(59.0%)	(33.0%)
Total General Programming	735	3,662	645	3,393	(12.2%)	(7.3%)
Special Event Programs	19	3,484	17	3,339	(10.5%)	(4.2%)

Source: Twinsburg Program Attendance by Demographics Reports

As shown in **Table 6-13**, classes and participants significantly increased in adult aquatics and preschool programs, whereas they decreased in school aged and adult fitness programs.

The participation level in classes can have an impact on the financial gain or loss for programs offered by TFC. **Table 6-14** shows the participants per class for 2003-2004.

Table 6-14: Participants per Class for 2003-2004

Program Description	2003	2004	Percentage Change
Preschool aged aquatics programs	3.7	4.0	8.1%
School aged aquatics programs	6.0	5.5	(8.3%)
Adult aquatics programs	3.7	4.0	8.1%
Preschool programs	5.0	6.1	22.0%
School aged fitness programs	4.7	4.1	(12.8%)
Adult fitness programs	5.7	9.3	63.2%
Total General Programming	5.0	5.3	6.0%
Special Event Programs	183.4	196.4	7.1%

Source: Twinsburg Program Attendance by Demographics Reports

As shown in **Table 6-14**, overall participants per program and per special event increased 6.0 and 7.1 percent, respectively. Although the participants per class in school aged aquatics decreased slightly in 2004, the aquatics program participation levels are directly in line with the stipulated class sizes of 4-6 students for 3 to 5 year olds and 4-8 students for those 6 years of age and older. Participation in the aquatics programs is more structured than fitness classes due the need for lifeguards and restricted class sizes to address the safety concerns surrounding water activities. TFC fills classes and adds them when needed to ensure actual class sizes meet these requirements. Adult fitness program participation per class is up by 63.2 percent. The overall increase in participants per class is due to the elimination of classes with low participation. However, participants per class in school aged fitness programs decreased in 2004. Moreover, the non-aquatic program participation per class is much lower than 18, the number of participants that can be housed in TFC's largest multi-purpose room

Brecksville averaged 9.3 participants per class for all programs, which is 75.5 percent higher than TFC. Additionally, Solon's adult fitness classes averaged 13 participants per class, which is 39.8 percent higher than similar classes at TFC. Data was not available for Solon's swim program, which is considered a city recreation program rather than a community center offering.

According to TFC, program fees take into account the number of instructor hours, staff allocated, and supplies. The associated costs are then divided by the minimum number of participants to determine a break even program cost. However, TFC does not track actual revenues and expenses by program. As a result, TFC cannot determine the actual cost-effectiveness of its programs. In contrast to TFC, Solon and Westlake both track revenues and expenses for programs and monitor performance. Finally, Westlake sets a

goal for each program to attain a 30 percent net profit which they have been able to meet in most cases.

Similar to peers, TFC's monthly fitness class rates for each facility allow members to choose from a menu of designated fitness classes with no limit on the number attended during the length of the pass. **Table 6-15** shows the fitness class rate comparison of monthly fees for members. Non-member rates for fitness classes are available in all centers for a higher fee.

Table 6-15: Monthly Fitness Class Rates for Members

	TFC	Brecksville	Solon	Westlake	Peer Average
Monthly Fee	\$35	\$22 ¹	\$22	\$42	\$29
12 Session Fee	\$44	\$30	N/A	\$60 ²	\$45

Source: TFC and peers

Note: Fees for the gymnasium, weight room and exercise machine areas at TFC and peers are not included since most of these areas are open for use as a benefit of membership versus requiring an additional fee in most cases.

¹ Based on dividing 3 month pricing of \$65 by three to obtain monthly fee

² Based on \$5 guest fee for one class times 12

As shown in **Table 6-15**, TFC fitness class fees for members are 20.7 percent above the peer average and well above two of the three peers. However, some of the differences in fees may be due to City administration and resident goals for operating their respective recreation programs. For example, the Brecksville Community Center attempts to recover approximately half of its expenses for a program, while Westlake's program fee is reflective of the 30 percent profit margin target placed on programs. Nevertheless, TFC's program participation is much lower than Brecksville and Solon, which could be due, in part, to its higher fitness class fees.

R6.3 In addition to ensuring that the software adequately tracks and monitors participation levels by program (see **issues requiring further study**), TFC should monitor revenue and expenses within each program to determine the net gain or loss for each program area. With this knowledge, TFC management can set program fees at an acceptable level for members and meet City administration expectations. For instance, a lower fitness class fee may increase participation and overall cost-effectiveness of its programs. Fee structures should be set at a level that maximizes participation, and meet the revenue, marketing and strategic goals established for the fitness center (see **F6.2**). Additionally, the customer survey (see **R6.5**) should include questions that not only determine the programs residents might desire, but also identify how likely they are to attend classes if offered.

Marketing

F6.4 TFC does not have a formal marketing plan, but instead relies on informal expectations for each program. While not having a formal marketing plan, TFC continues to make changes to programs by monitoring participation and deleting those classes with low participation. Additionally, changes to membership packages reflect strategies to increase members. For instance, TFC is offering to convert three month memberships into annual memberships as a “try and buy” strategy, which has resulted in an increase in three month memberships. However, TFC’s market penetration is considerably lower when compared to the peers (see **F6.1**). Although program participation levels per class have increased from 2003 to 2004, they are below Solon’s and Brecksville’s levels (see **F6.3**).

TFC’s marketing process is similar to the peers. The current approach to external marketing is a grass roots, or word-of-mouth, strategy with minimal media exposure. TFC’s external marketing includes:

- Publishing and distributing the Twinsburg Parks and Recreation Guide three times a year;
- Networking and informing current members of programs as they use the facility;
- Posting flyers on the bulletin board in the building;
- Using the digital marquee at the pool, field house, and weight room to show coming events;
- Sending press releases to the Plain Dealer, Akron Beacon Journal, Sun Newspaper and Twinsburg Bulletin for publication (sent weekly, but only the Bulletin publishes them regularly);
- Having the Twinsburg Parks and Recreation Department display a half page ad with the Bulletin that includes the fitness center in the ad once a month;
- Sending flyers to schools on upcoming programs;
- Having the local cable channel (channel 9 in Twinsburg) display messages regularly;
- Broadcasting “Toned, Fit, and Conditioned” program highlighting a fitness program on local cable channel 9 three times per week;
- Using the front marquee to advertise events;
- Including fitness center messages in the Mayor’s press releases; and
- Distributing the electronic newsletter to approximately 1,000 subscribers.

Additionally, marketing of events scheduled at the center increases the visibility and use by residents. In 2004, TFC held 17 events with 3,339 visitors. The largest event was

“Winter Wonderland” which was moved from the Town Square to the fitness center. This event is supported by the Parks and Recreation budget. The fitness center expense includes craft supplies and face painting. The event is free to the public and draws many visitors to the center where they get the opportunity to see and use the facility. This is the first year TFC’s program bulletin has been ready in time for the event, which could affect future memberships.

An article titled *Creating a Marketing Plan*, published by the American Marketing Association states that any organization that sells a product or service to customers needs a formal marketing plan. The core marketing plan should be clear, concise and state the key strategies that the organization will be undertaking.

A marketing plan is one part of the marketing planning process that provides structure and rigor to decision-making. It typically is prepared once a year or prior to new marketing initiatives that require the investment of budget and/or internal resources. The marketing plan gathers and distills the learning of the organization in one document and charts a path to achieve business objectives.

The starting point for creating the marketing plan should be a situational analysis of the market and economy; internal trends on use of the facility and program participation; strengths and weakness of current services; threats (e.g., competition) and problems; customer and specific segments of the market; and previous marketing initiatives. Constructing the marketing plan based on the situational analysis consists of prioritizing the key issues and objectives, defining strategies and choosing tactics needed to implement strategies. For the marketing plan to be beneficial, the attainment of overall objectives must be addressed by including methods of measurement that encompass responsibilities, timing, and cost. Lastly, the budget should reflect the strategies outlined in the marketing plan.

R6.4 TFC should develop a formal marketing plan that addresses the overall business objectives as defined and agreed to by TFC management, Council and City administration. The marketing plan should include strategies for increasing resident and non-resident membership and program participation, and decreasing General Fund subsidies. Specific strategies should include the following:

- Targeting corporate memberships with a discount program similar to the Westlake Recreation Center to increase non-resident membership (see **R6.1**);
- Developing a customer survey that identifies opportunities for increasing memberships, while increasing resident acceptance and customer satisfaction (see **R6.5**);

- Further defining segments of the market to target, such as seniors, stay at home moms, mom's with toddlers, etc., and developing programs specific to their interests; and
- Reaching a larger audience with the tri-annual Twinsburg Parks and Recreation Guide.

The marketing plan should also include an analysis of the economic and business environment, strengths and weaknesses of current services, opportunities and problems facing the fitness center, and business objectives that TFC is expected to achieve. Furthermore, the marketing plan should identify customers, define market segments, identify competitors and methods to enhance competitiveness, and include measurements to gauge progress in improving marketing efforts. Measurement statistics may include market penetration, visitors per day, members per FTE, and participants per program. In order to adequately support strategies in the marketing plan, it should be tied to TFC's budget.

Customer Satisfaction

F6.5 Currently, the TFC Manager gauges customer satisfaction based on program attendance, program sign-ups and customer complaints. The City of Twinsburg conducted focus group research prior to opening the center. Furthermore, TFC has done several surveys in the past three years. However, they tend to be ad-hoc and in specific response to customer requests or complaints, rather than being designed to gauge overall customer satisfaction with the fitness center. Although these surveys have resulted in programming changes and product offerings to meet customer needs, current market penetration is 44 percent below the peer average (see **F6.1**). The Parks and Recreation survey which sought to identify the interests of the community for use in programming had little response as only 15 of the 7,000 surveys were returned to TFC. Therefore, management was unable to draw conclusions regarding future program offerings. TFC management has discussed doing more surveys, but indicated it is limited by time and staff.

Peers have used survey techniques to identify customer wants and needs in different degrees. However, the peers have developed and administered customer surveys that gauged overall satisfaction levels and helped to identify desired program changes. As an example, shortly after being hired, the Brecksville Recreation Director surveyed residents in order to gain a better understanding of their desires for Community Center and Recreation Department offerings. Of 5,427 surveys mailed to residents, 611 were returned, equating to an 11.3 percent response rate. The design of the survey was divided in three sections: direct question/answer, future programming interests, and narrative responses. Questions pertaining to the Community Center included:

- Center use;
- Household member use;
- Non-member guest use;
- Member fee rating;
- Guest fee rating;
- Extended weekend hours;
- Customer service rating by most friendly and helpful per area;
- Customer service rating by least friendly and helpful per area;
- Cleanest area of Community Center;
- Dirtiest area of Community Center;
- The overall cleanliness of the Center; and
- Adequacy of the fitness equipment.

There were also specific questions on most favorite and least favorite programs and a section for programs that could be added or expanded. The survey report was distributed in order to communicate with the results and identify future activities. Also, the results were published on the City's website. Due in part to changes based on survey results, Brecksville's total program participation increased by 76 percent from 2002 to 2003.

Solon completed a Community Center member survey in 2004. Standard questions were set up on a five point scale. Of approximately 3,000 surveys, 710, or 23.7 percent, responded. As an incentive to promote increased survey response, Solon drew two names from the surveys submitted and awarded them free one year family memberships.

The City of Westlake had Cleveland State University's Department of Health, Physical Education, Recreation and Dance conduct a customer satisfaction survey that was published in June 2003. The survey was distributed to members as they entered the facility, and 225 surveys were returned. Only 216 surveys were used in the tabulation due to incomplete and/or invalid survey responses. Responses were summarized by what members were most and least satisfied with, and statistical measures were used to represent perceived service indicators. Overall, the survey provided the information needed to change the services provided and create higher customer satisfaction. More classes were added in the 6:00 p.m. to 9:00 p.m. hours to meet customer desires, and an expansion to the fitness equipment area is underway. The survey lacks follow up at this time to determine if customer satisfaction has increased.

Client Satisfaction Surveys, October, 1998; published by The Auditor General of Alberta provides governments with general guidelines and best practices in survey research. It states that client satisfaction surveys must be used carefully if they are to provide a meaningful measure of performance. There should be a clear relationship between the actions of the organization and their effects on client satisfaction. Client satisfaction measures should be used in conjunction with other measures which focus on the outputs and outcomes of an organization's policies and programs, and are designed to measure the achievement of goals in the organization's business plan. They should rarely be used as an exclusive measure of performance for a goal.

According to *Client Satisfaction Surveys*, keys to survey design include developing clear and straightforward survey questions. Structured response options are generally easier to analyze than open ended responses. A satisfaction rating scale can be used to determine level of satisfaction or preference in answering questions and strengthen analysis. Scales of 5 to 7 points are considered suitable for client satisfaction surveys. The layout of the survey can have a significant effect on the response rates. The survey should be easy to read, uncluttered and aesthetically appealing. The survey should not take longer than 30 minutes to complete, and should be pre-tested before being administered.

The *Seven Stages of Effective Survey Research* by Dan Meier, 2002, published by Marketing Power Inc., states that organizations rely on survey research to gather much needed business intelligence. Surveys can help an entity understand customer preferences about a particular product and identify market opportunities. In order to be successful, survey research needs to be implemented well at every step. Seven stages of survey research include: planning and survey design, data collection, data access, data preparation and management, data analysis, reporting, and deployment. In addition, popular questions that surveys attempt to answer or that would apply to TFC include:

- What is most important to customers, employees or patients?
- What do people want or need in terms of programs and services?
- Who is the customer?
- Are we providing value to members?
- What areas need improvement?
- What drives member satisfaction?
- How can programs and services be improved?
- Where should resources be directed?
- What are the facility's strengths or weaknesses?

Seven Stages of Effective Survey Research reminds its audience that the goal of survey research is better decision making. Research should not be done unless an entity is going to take action on the results.

R6.5 TFC and the City should develop and administer a survey that would effectively gauge overall customer satisfaction with the fitness center, and identify opportunities to increase membership and program participation by focusing on identifying potential program additions and changes. TFC should consult with the Brecksville Community Center when designing this survey, as its program participation significantly increased after implementing changes based on survey results. TFC should also consider using other resources to assist with the survey process (e.g., Cleveland State University), particularly if it is having difficulty devoting time to developing and administering the survey. In addition, TFC should consider the following when developing and administering the survey:

- Conduct pre-tests of the survey with a sample population to determine if any other changes should be made prior to fully administering the survey;
- Offer incentives to a limited number of survey participants for completing and returning the survey, such as the possibility of receiving a free membership for one year based on a random drawing;
- After compiling and analyzing the survey results, develop clearly defined action steps to implement appropriate changes based on the results; and
- Report survey results and action steps to administration, Council, and residents.

Furthermore, prior to implementing future surveys, TFC should identify outcomes to be achieved (e.g., increased memberships and program participation), and clearly design survey objectives and goals to maximize survey response rates and ensure identified outcomes will be achieved.

Custodial/Maintenance

F6.6 The February 2004 Ohio Department of Health Inspection cited TFC under OAC 3701-31 for not maintaining cleanliness in the shower areas. This citation was partially due to maintenance personnel bypassing the required nightly cleaning. To address this problem and increase cleanliness, TFC refined job descriptions and implemented task lists. In addition, on separate visits to TFC and peers, AOS found the cleanliness of each to be comparable. Each facility was well kept and clean during these visits, with each director identifying locker rooms as a consistent area for improvement. Although TFC has job descriptions and a daily task list, it does not have formal guidelines or benchmarks for its custodian/maintenance operations.

The Association of Higher Education Facilities Officers' *Custodial Staffing Guidelines (CSG)* for Educational Facilities, Second Edition has become a standard in the industry and an invaluable tool for facilities professionals. Part of the guidelines recommends that a facility establish a benchmark for use. In addition, the CSG identifies variables that impact institutional custodial operations and set guidelines for managers to better communicate to shareholders. These include customer service, customer satisfaction, preventive maintenance, interior aesthetics, exterior aesthetics and service efficiency. There are five levels of cleanliness identified in the CSG. From best to worst they range from a level one "orderly spotlessness" to a level five "unkempt neglect". Level two, "ordinary tidiness", is considered acceptable. The characteristics of level two include:

- Floors and base moldings shine and/or are bright and clean. There is no buildup in corners or along walls, but there can be up to two days worth of dirt, dust, stains, or streaks.
- All vertical and horizontal surfaces are clean, but marks, dust, smudges, and fingerprints are noticeable with close observation.
- Washroom and shower tile and fixtures gleam and are odor-free. Supplies are adequate.
- Trash containers and pencil sharpeners are empty, clean, and odor-free.

Lower levels for washrooms, changing/locker rooms, and similar type facilities are not acceptable. Anything below level two begins to reflect budget cuts or other staffing-related problems.

Maintenance and custodial staffing guidelines are more complicated than just cleaning. The newness of the facility, the amount and type of activity in the facility, the overall condition of the facility, and the level of customer service impact the staffing requirements. Facility operations are challenged by the guidelines either to increase productivity or to adjust staff or expenses to better meet the guidelines.

R6.6 TFC should employ the CSG to establish benchmarks and goals for its facility, and clearly communicate expectations to staff. In addition to a job description and task list already used by TFC, the CSG identifies the expected outcome of work performed. By establishing this desired outcome and monitoring it daily, TFC can reinforce expectations and/or adjust resources based on the demand created by an aging facility, level of customer service, membership increases, and increased activity.

Internal Controls

F6.7 TFC's cash collection and reconciliation procedures are not clearly defined and segregated in some cases. The policy in the reception manual provides the procedures for collecting and entering monies received by the receptionists. These include:

- Selling or renewing memberships;
- Processing registrations;
- Selling gift certificates; and
- Balancing out the drawer

There are screens with prompts for all transactions and till reports document all transactions associated with deposits as built in controls from the software.

At TFC, the reception staff and secretary post memberships, collect fees, reconcile tills, generate deposits, deposit funds to the bank, and reconcile deposits to the finance report. However, segregation of duties for some of these activities is not clearly defined. For instance, the procedure for balancing the drawer states that the next day opener will reconcile the closed tills and prepare a deposit, when in fact this may be the same person.

The article *Segregation of Employee Duties*, by Joseph Dervaes states that accounts receivable fraud schemes are quite common in business today. The article recommends that in an ideal situation, employee duties should be split among billing and posting functions; collecting and depositing functions; and reconciliation by an independent party such as a supervisor. The challenge is finding an independent person who can monitor the employee's work in a meaningful way. Having the employees monitor each other's work, or having a manager perform the reconciliation will reduce the risk associated with this activity.

R6.7 To mitigate the risk of fraud, TFC should establish greater segregation of duties and an independent reconciliation of receipts in its daily processes. One option would be to assign the responsibility for reconciling daily receipts to a manager. Memberships, program participants and fees collected should be reconciled to the daily receipts and ultimately to deposits. In instances where an employee is the closer one night and the opener the next day, management should complete the previous day's deposit.

Financial Implication Summary

The following table presents a summary of the annual revenue enhancements discussed in this section. For purposes of this table, only recommendations with quantifiable financial impacts are included.

Summary of Financial Implications for the City of Twinsburg

Recommendations	Estimated Revenue Enhancement (Annual)
R6.1 Increase membership	\$201,600
Total	\$201,600

City of Twinsburg

Katherine A. Procop

Mayor



Est. 1817

Auditor of State, Betty Montgomery
Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113

August 12, 2005

Re: Post Audit Report

Dear Auditor Montgomery:

I am sending this letter as an official response to the City of Twinsburg Post Audit Report of July 2005. Overall, the audit report reflects that the City of Twinsburg is well run by a dedicated staff of professional employees. There are several recommendations in the report that are well worth implementation and I have noted acceptance in this report. I will see that those recommendations are implemented as soon as possible. In this response I am also providing commentary on those recommendations that I deem unacceptable and/or not feasible to implement.

Human Resource Department

Report Findings: The Human Resource Department has managed to keep health care costs at a considerably lower premium than peer costs, has a much lower use of overtime per FTE compared to two of the peer cities, has improved its worker compensation program over the last three years as shown by a decreasing experience modifier, and has an average turnover rate of 4.1% with most cities reporting a turnover of 10%.

R-2.1 Combining job duties of HR Director and Benefits Administrator

The Administration strongly disagrees with the recommendation of the report to eliminate the position of Benefits Administrator. The auditor failed to include the Industry standard of one HR person for 100 employees. The City of Twinsburg has 180 full time employees, 50 part time employees, and processes over 125 seasonal employees each year. The report does not reflect that all three peer cities distribute work back to other departments which results in decentralization of the HR function which contradicts the Audit Team's own recommendation that a centralized HR function is best for maintaining compliance and limiting liability.

The peer cities do not have fully centralized HR Departments. In each case, the Directors of these departments have indicated that they need additional help to run more efficiently and to become fully compliant. These Peer City Directors have indicated that having two full time staff in the HR department is appropriate and strongly recommended. This information was not reflected in the auditor's report. Eliminating the Benefits Administrator position would take the city backwards in efficiency and compliance and increases the City's exposure and risk in compliance and legal issues. The Administration will not endorse this recommendation.

R-2.2 Centralized HR/Personnel Committee of Council

Agree that the HR department should remain centralized. However, it is necessary to have two staff members in the department. Using Avon Lake as an example; approximately only two FMLA requests have been certified in the last three years. Twinsburg certified 59 in 2004 alone. That is not because Twinsburg had more FML; it's because Twinsburg's efficient FML policy is identifying all incidents of FML in a timely and compliant manner. This is just one example of how a 'bare bones' HR Dept can put a city at risk by letting important federal regulations fall through the cracks due to understaffing.

Only Avon Lake has a City Council Personnel Committee. Stow has a personnel committee comprised of the Finance Director, Mayor and other Department Heads. Stow does not have council representation. The City of Twinsburg has a cost containment committee comprised of employees from every city department. The committee works very well. They address health benefit issues, the rising cost of health care, make recommendations on how to control those costs and disseminate that information back to their respective departments. Employee involvement has helped in keeping our health costs lower by keeping the employees informed and having their input regarding their needs and preferences. This administration does not believe in adding another

layer of bureaucracy to a system that is working well in communicating with the employees, promoting good working relationships, and making decisions in a responsive and timely manner.

R2.3 Job Descriptions

Audit recommends that job descriptions should be reviewed annually. Administration agrees with this recommendation and will take steps to implement this policy when council authorizes funding.

R2.4 Performance Evaluations

Administration agrees and will check with Department Heads to see that they have a current list of their employees' anniversary dates and will continue to check that evaluations are performed. Performing evaluations all at the same time each year may be difficult to accomplish in departments having numerous employees. We will discuss with each department head and determine which method best suits their department.

R2.5 Consider reducing sick leave incentive, sick leave paid out at retirement and longevity.

The Administration disagrees with the elimination of the sick leave incentive. With 1000 less hours of sick leave used in 2004 than in 2003, it appears that this incentive is helping to reduce sick leave. Furthermore, the Financial Auditors, Ciuni and Panichi have specifically recommended retaining the sick leave incentive due to the savings it provides. In addition, if 1000 hours is used as sick leave, the City is paying out sick leave at 100% instead of buying it back at 50%. Additionally, when employees use sick leave, other employees may be needed to work overtime to fill in. As an example, if overtime is needed to replace employee's taking 1000 hours off, the City would have to pay other employees 1500 overtime hours – as well as paying the originally scheduled employee his or her regular sick leave pay. That translates to paying 20 hours for the same 8-hr shift.

In regards to sick leave at payout at retirement and longevity, the Administration will address these issues during upcoming Union negotiations.

R2.6 Policy Revisions

Administration agrees that policies should be updated and has in fact updated and created many policies on an ongoing basis. Administration agrees that a new policy manual should be created. This project was brought before Council

last year; but was rejected for funding reasons.

Post notices & issue changes:

Currently, both union and nonunion employees are notified when policy changes are made.

Revoke previous version of the manual:

Although our policy manual is a little dated, page two states: "The policies in this handbook supersede any and all previous policies of the City..."

Sign off on all policies:

Employees were required to sign off on the last manual and all other major policies that have been implemented (I.E. Drug Free Workplace, Cell Phones, Ethics, Harassment). Employees will also be required to sign off on the new manual when it is produced.

R-2.7 Succession Policy

This recommendation may be somewhat inappropriate in a Civil Service environment, but certainly the City does encourage and fund ongoing training and development that prepares employees for promotions within the City. Ironically the HR Dept has prepared probably better than most departments to ensure that the successor (Nancy) is fully qualified to succeed the HR Director. The Administration will discuss new hires for succession planning during the next salary ordinance revision and 2006 budget meetings.

R-2.8 City should Monitor Sick Leave policies, establish patterns of abuse, etc.

The Administration monitors all sick leave policies and department heads track for patterns of sick leave abuse. We have disciplined several Service Department and P&R Department employees for this infraction. The City does consult with its legal counsel to ensure that all required notices and opportunities to dispute abuse claims are addressed as required by applicable laws and/or collective agreements. The City's Kronos timekeeping system ensures compliant FLSA compensation practices for all non-exempt employees. Furthermore, the City keeps detailed attendance records. Discipline is documented and placed in personnel files.

The recommendation to reduce sick leave by 10.9 hours per employee in order to save \$20,300 does not have any clear directives on how to implement such a

change. The Administration would be open to the auditor's recommendation on now to achieve this goal.

Financial Implication Summary – Human Resources

The administration does not agree that there is a \$79,000 cost saving in the HR Department.

The Benefits Administrator position (\$50,200) will not be eliminated.

The Administration cannot force employees to reduce their sick leave usage (\$20,300) by 10.9 hours per employee.

Estimated expense for Policy Manual and Job Descriptions is (\$70,000).

Subject to negotiations the City may be able to save \$8,500 subject to future negotiations.

Total Potential Savings: \$8,500

Cost Estimate for Policy Manual and Job Descriptions: (\$70,000)

Total Cost of Implementation: (\$61,500)

Division of Taxation

Report Findings: The Division of Taxation is processing nearly twice the number of accounts at a lower personnel cost per account as well as a lower department cost per account than the peer cities. The two staff members and one part-time employee are doing the work of four people. The Income Tax Department has tried to improve some of its enforcement and taxpayer identification methods, despite its minimal staffing levels. The ITD Administrator is working with the Building Department to enforce collections through the Building Department permitting process and has been using the Summit County Auditor's Public Access Web Site (PAWS) to identify new tenants.

R-3.1 The Administration agrees that staffing levels should be increased to 3.0 FTEs with the possibility of hiring an additional FTE or PTE if required. Besides being able to perform additional collection activities the new personnel shall be trained for succession purposes.

R-3.2 The Tax Administrator has adjusted the Financial Implication figures from \$477,000 to \$291,124. The TA states that the Auditor's calculation is too high

based on the fact that the city's Business Data Base was inflated due to an employee error.

Using the more accurate figures from the 2002 database, the TA has submitted the following facts:

The TA has calculated that 50% of the individuals who file a return do not owe any taxes to the City of Twinsburg and that the increase from individuals is overstated and should be noted at \$68,500 not \$137,000.

Using AOS dollar amount of \$773 (x) 288 accounts, an accurate collectible amount is \$222,624. Total collectible amount: \$291,124.

R-3.3 Administrations agrees that the department will implement the State of Ohio list but predicts minimal additional revenue.

R-3.4 The Income Tax Department will submit a list of delinquent taxpayers to the City Prosecutor to review and pursue in Cuyahoga Falls Municipal Court.

R-3.5 Additional software training will be provided to the TA and staff of the Income Tax Department.

R-3.6 A permit process in the Building Department to provide pertinent information to the tax department will be established.

R-3.7 Although the Board of Review was established, the board was never utilized and gradually dissolved. The ordinance is still in effect and the Mayor will appoint three resident adult electors to the board.

R-3.8 The Administration plans to fill vacant positions and implement a succession plan for the Income Tax Department.

Financial Implication Summary – Income Tax Department

The administration does not agree that there is a \$477,000 cost saving in the Income Tax Department.

Business Non-Filers additional revenue prediction: \$222,624.

Individual Non-Filers additional revenue prediction: \$68,500

Cost of (2) additional employees for succession planning: (\$142,000)

Additional software training: (\$1,440)

Total Potential Savings: \$147,684

Service Department

Report Findings: The Service Department maintains 176 lane miles of road within the City. The Service Department maintains infrastructure, is responsible for snow and ice control, leaf collection, branch pick-up, electrical repair and installation and maintenance of the majority of the 112 city-owned fleet of vehicles; along with the performance of other service related duties. From Table 4-2: "The Twinsburg SD employs more staff per lane mile than two of the peers, but performs more services than any of the peers." From Table 4-3: "Twinsburg has 28.8 FTEs, which is 22.2 percent less than the peer average of 35.2 FTEs." The report does not provide for any "Quality of Service" comparison or comparison of the "Number of Times" that a service is performed.

R-4.1 The Service Department has a fully-functional work order system that tracks:

- Daily work schedules
- Employees assigned to work tasks
- Dates services rendered
- Materials used

The Administration disagrees with the recommendation not to replace the current vacancies in the Service Department as the report does not take into account the level of service currently delivered and the Administration wishes to maintain. The Administration will recommend to fill two of the three current vacancies. From *Noteworthy Accomplishments* in the audit report on the *Division of Engineering* on page 5-7 "The City's planning activities, external funding sources and number of employees conducting road maintenance activities appear to contribute to the favorable road condition ratings (see the Service Department section for additional support information)."

R-4.2 This recommendation requires the Public Works Director to work with the H.R. Director to determine the "reasons for increased absenteeism". This recommendation assumes that the levels of use outlined in table 4-5 of actual use are correct. The Administration questions the comparison of used sick leave hours to the State Union Average instead of to the peer cities. The Administration contends that the comparison of union employees which includes office workers and other unrelated positions is not a fair comparison to Service Department employees who work in adverse weather conditions and in safety sensitive positions and recommends that the auditors provide a peer to peer comparison of sick leave usage.

All comments in this section address sick leave "use" and its affect on productivity. However, it is stated that 'end-of-year' and retirement payouts are included in this analyses. A distinction between payout hours and actual use should be made in order to reach any conclusions as to the effects on productivity.

Comments Regarding Table 4-6

When reviewing this table it is obvious that each city establishes routes, assigned vehicles etc. in different ways. For example, we are shown to maintain the second lowest amount of lane miles yet we have the second lowest amount of employees per route and our employees maintain the second highest number of lane miles. These facts are contradictory and should have been investigated further.

Maintaining less staff for normal snowfall events and then increasing during heavy snowfall events would require overtime.

The number of vehicles is directly tied to the level of service provided. The current number of vehicles allows us to increase our coverage to 10 trucks with 2 trucks as back-ups. Any decrease in the number of vehicles will directly affect our ability to provide our current level of service.

The efficient use of salt is currently the focus of the department's current efforts to reduce snow/ice control costs. This will allow us to provide the same level of service while maintaining the cost effectiveness of the program.

Further reductions in salt use can be mandated. However, a reduction to the level of the peer communities will definitely have an immediate and adverse effect on road conditions.

Developing a list of "priority" streets as suggested in the report means that not all streets will be able to receive the same attention. Under our current procedure secondary roads are plowed and salted at the same frequency as the main roads. Under a "priority" program the secondary roads will not be plowed and salted until after the mains are completed. This will also have a detrimental affect on road conditions.

R-4.3 Adjustments to routes, staff assignments, number of vehicles, etc. will affect our ability to maintain road conditions to current levels. The

Administration will not recommend any changes unless the City Council mandates a different level of service for the community.

Salt, as with other commodities, is currently a volatile market. The ODOT contract will be re-bid this year and is expected to increase by a minimum of 4%. In order to become a member of ODOT's purchasing group, the City must commit to purchasing 50% of our salt from them. If our current group (CUE) obtains a lower price we will not be able to take advantage of that lower price. In other words, it is difficult to ensure that we will be able to capture the absolute lowest price.

R-4.4 The Public Works Department does have an informal policy that is communicated to and followed by our staff. The department will formalize this procedure into a handbook in the near future. The report suggests that resources should be available for our plow drivers when questions arise. Due to the fact that a written policy cannot be consulted while operating a vehicle, the current policy of having supervision assigned to each shift serves this purpose well.

R-4.5 A written street sweeping plan will be developed. The recent purchase of an "Elgin" street sweeper has allowed the department to meet the standard of 5 days per event. This unit is obviously much more efficient than our old unit and will allow the overall effectiveness of the program to increase. The Department provides street sweeping at a relatively lower cost and higher level of service than the peer cities.

R-4.6 A written pothole patching and crack sealing plan will be developed. Pothole patching is currently performed on an as-need basis with a minimal amount of documentation other than total time spent. The SD response time to reported potholes is immediate to a maximum of 24 hours. The program is designed to eliminate as many reported potholes as possible. The crack sealing program is performed in the Spring and Fall due to the fact that this operation is temperature sensitive. The PW Director agrees that would be possible to run two-person crews but will consider all safety precautions before making this recommended adjustment.

As with all of the SD operations, work crews are constantly monitored for efficiency. Therefore, the discrepancy in time spent performing this function in relation to peer cities must be in the method of record keeping.

R-4.7 The PW Department is currently reviewing and evaluating several software packages for fleet maintenance tracking.

R-4.8 The Administration agrees that the SD should hire another full-time mechanic and ensure that all mechanics receive ASE and EVT training. However, in order to implement this recommendation it will be necessary to increase the department budget to allow for:

- Employee training
- Diagnostic equipment
- Repair part inventory
- Repair equipment
- Upgrade of facilities

As stated in the report the SD would need to add one mechanic in order to adequately service the City's fleet of vehicles and equipment. However, the SC has recently begun a program of increasing the services provided to the Fire and Police vehicles. With this added work load and the proposal to provide more repairs to the existing fleet it may become necessary to hire two additional, certified mechanics.

R-4.9 Looking at fleet size based on mileage and population yields an inadequate assessment. In order to fully assess this area correctly one would need to study the following:

- Duties of employee with an assigned vehicle
- Level of use of each vehicle
- Feasibility of using a 'pool' system

Many of the vehicles in use by the departments are police units replaced by newer vehicles. This allows the city to economically provide vehicles to various departments.

R-4.10 The only objection that the Administration has to this recommendation is the capital outlay.

R-4.11 As noted in R- 4.7, maintenance software packages are being evaluated for purchase.

R-4.12 Although the work order system does not fulfill the auditor's recommendation, the PW Director asserts that it meets the department's needs as evidenced by the department's year-end reports. The department is able to document the performance of each major department function including overall cost of that activity. The additional hours required to track "time spent completing activities" would probably not produce usable and practical

information that would offset the time and wages spent to perform the tracking operation. Even the auditor did not review a large portion of the archived information that documents department operations.

Financial Implication Summary – Service Department

The recommendations contained in this report if implemented will result in a decrease in the level of service delivered to the residents of Twinsburg. The report does not list or compare our level of service with the peer communities. The level of service in the peer communities has been deemed acceptable by the auditors and presented as the standard. The Administration believes that the City of Twinsburg's level of service is higher in most areas when compared to the other communities and is a benefit to our residents. The services have been delivered at the present level for many years with the residents "expecting" that level of service to continue.

The Administration has determined that the recommendations for the Division of Service will cost the city an additional \$70,700.

Outsource Custodial Staff – Not Accepted – No Cost Savings (0)
 Purchase Salt from ODOT – Potential Savings \$10,700
 Not Filling 3 Vacant Positions – Not Accepted – No Cost Savings (0)
 Reduce & Not Replace 5 Vehicles – Not Accepted – No Cost Savings (0)
 Certify Mechanics – (\$1,900)
 Fuel Dispensing System – (\$15,000)
 Fleet Management Software – (\$3,000)
 Hire One Mechanic – (\$64,000)
 Software Implementation Costs – (\$500)

Potential Savings: \$10,700

Outlay: (\$81,400)

Total Cost of Implementation: (\$70,700)

Division of Engineering

Report Findings: The Division of Engineering has maintained the city's road system at 11% higher than the peer average for roads rated as excellent and good condition. "The City's planning activities, external funding sources and number of employees conducting road maintenance activities appear to contribute to the favorable road condition ratings." The overall staffing of the Division of Engineering is comparable to Avon Lake and Solon given its existing workload indicators.

R-5.1 The audit report recommends that the ED compile and track workload drivers and performance measures. The inspections performed in the ED are different in nature from Building Department inspections (see Engineer's report from July 5, 2005), thereby making it necessary to develop a different tracking method. It is estimated that additional man-hours will be required to track and compile this information at a cost of \$6,200 per year.

R-5.2 The Administration will prepare legislation for council to consider an additional \$5.00 levy on the permissive license plate tax as recommended in the audit report. The levy may provide \$63,000 annually and may be used to offset the cost of a sidewalk program.

R-5.3 In 2001, the Municipal Engineer completed a sidewalk study including draft ordinances for a formal sidewalk program that council did not act on. The Administration will submit the proposal for council review and recommendation. It is estimated that a sidewalk program will cost approximately \$80,000 per year.

R-5.4 The Administration agrees that all departments will be in compliance with voice and electronic internal communication policies regarding copyright laws. The IT Department and HR Department will be responsible for updating the current policy to add reference to actual copyright laws and discipline action for employees who violate the policy and copyright laws.

R-5.5 Department Consolidation and Structure – "by reviewing management and administrative staffing in other departments and areas that were outside the scope of this performance audit, the City may be able to reduce the number of positions by consolidating functions and responsibilities"

It should be noted that although this study only dealt with Engineering, that the Building and Engineering Departments for the City of Twinsburg assisted with many planning functions thus consolidating functions and responsibilities. The report also implies that the City of Twinsburg has more administrative/management staffing. The City of Stow and Solon each have at least three registered professional engineers on staff. It should also be noted that via a phone survey conducted in May 2005 by the COT the staffing levels of the peer communities were as follows:

	Stow	Avon	Solon	Twinsburg
Engineering	9	7	9	6
Planning	5	1	5	1 (part-time)
Building	6	5	6.5	5.5
Total Staff	20	13	20.5	12.5

Per the Economic and Community Development Director, there is no room left to consolidate functions and responsibilities in other sectors of the Department. The Building Dept. has two administrative staff, only one of which is committed to Building alone. The other administrative staff position provides coordination of Planning Commission activities, provides clerical support and minutes for Planning Commission, Board of Zoning Appeals, and the Architectural Review Board in addition to providing permit services and assistance to the public at the Building Department counter.

The Building Division is running with minimal inspection staff. The Chief Building Official coordinates all inspection activities, provides annual and monthly reports, fields complaints and questions from the public, supports the Board of Zoning Appeals and attends to the Division's daily business. The City has one electrical inspector, one plumbing inspector and a part-time housing inspector.

The Planning Division has no dedicated support staff outside of the previously mentioned part-time clerical support. This individual provides coordination of all Planning Commission applications and meetings. She maintains records, records and transcribes all minutes, assists applicants with the application process, works with the Director and Planning Commission chair person to set agendas, attends meetings and provides follow-up services to applicants.

The Planning Division has no dedicated primary staff. Work functions are performed by the Director of the Department of Planning and Community Development. The Director serves as the Planning Director, the Economic Development Director, and provides all support to Planning Commission, other departments and applicants related to zoning regulations and interpretation of code language. He is also responsible for comprehensive plan updates and support to the Mayor.

Further, the Director (management staff) is not provided with administrative support for economic development, community planning or administrative oversight functions. Administrative assistance is provided by the existing staff from the building or engineering division. The lack of administrative support for these functions makes the ratio appear heavy on the management side when the fact is that there is minimal administrative support within the larger department. It also does not recognize the fact that managers are working managers.

In summary, there are few if any duplicated managerial and administrative functions. An analysis of the entire new department with a comparison of functions provided to peer communities will show that the City is actually understaffed compared to peers.

Consolidation of divisions into one department has been fairly transparent to date. The larger department encompasses the existing engineering and building functions and has added new functions including economic development, community planning, zoning, environmental and subdivision code compliance. Added functions were either not performed or were previously performed by outside consultants. The only staff addition has been the addition of the Department Director whose responsibilities include coordination of all planning and development activities in all divisions and departments of the City. With the addition of the Director, consultant fees for planning were eliminated. The Department now performs functions synonymous with the following peer community departmental functions:

- Building
- Planning
- Engineering
- Economic / Community Development
- Zoning

Substantial new responsibilities have been added to the Department with no addition of support staff. Further, Divisions provide specific services that are unique to each and little or no duplication of administrative or managerial

functions occurs. In order to provide a level of service comparable to peer communities the following additional support staff should be added to support the expanded responsibilities of the Department and to provide for a functional Planning Division and Economic Development Division:

- Planning administrator (\$48,000 - \$60,000)
- Administrative Assistant to the Director and Planner (\$36,000 - \$48,000).

Financial Implication Summary – Division of Engineering

The recommendation contained in this report to levy an additional \$5.00 will increase the motor vehicle license registration fee for City residents to \$20.00 for each vehicle but will provide an additional revenue stream to be used for capital road improvements.

The Administration feels justified in the staff levels for the Division of Engineering considering that the department is responsible for planning and design activities for all city roads, bridges, traffic control devices, some storm and sanitary sewer systems, and related building infrastructure such as the Fitness Center addition, Parks and Recreation facilities and the Fire Department improvements. In addition, the Department provides technical and engineering support to all departments within the city. The ED reviews site plans, provides mapping and layout for snowplow routes, assists in the development of the yearly and five year capital improvement plan and the comprehensive plan and oversees the construction management of municipal projects.

The Administration has determined that the recommendations in this report will cost the city an additional \$17,000.

Revenue from Motor Vehicle Registration Fee: \$63,000

Yearly Estimated Cost of Sidewalk Program: (\$80,000)

Total Cost of Implementation: (\$17,000)

Twinsburg Fitness Center

Report Findings: The Twinsburg Fitness Center peer group consisted of facilities located in Brecksville, Solon and Westlake. Macedonia was compared to the TFC in the area of corporate membership rates. The TFC's revenue per member is 48.3% higher than the peer average. However, the TFC has a lower market penetration, which causes lower revenue per population and square footage. Twinsburg has the lowest median income compared to its peers but the highest revenue per member.

R-6.1 New software will allow the staff to provide better tracking of renewal rates and will contact non-renewals via phone. Since staffing is kept to a minimum, an additional employee will be needed for follow-up contact and additional tracking related duties.

The Administration predicts that we will lose 5% in revenue for membership renewals if we do not continue to raise membership fees on an annual basis and therefore will not implement this recommendation. Memberships have been increasing every year even with the annual membership increase.

The TFC staff will implement additional marketing strategies and will consult with Cleveland State regarding the marketing services that they can provide.

The recommendation to increase TFC memberships by 38% or 2,800 is an arbitrary number. This figure cannot be justified based on market penetration in another city (Westlake) without a strategic plan on how this can be accomplished in Twinsburg. The auditor should have conducted a thorough investigation of local competitors to assess the feasibility of additional market penetration. Local competition includes a fitness training facility located on Vail Drive in Twinsburg, as well as, competition from the Longwood YMCA, the Western Reserve Racket Club, LifeCenter Plus in Hudson and open registration at the Macedonia Fitness Center. In order to make an accurate recommendation regarding market penetration one should have a thorough understanding of the local market.

R-6.2 The Administration disagrees with the recommendation to freeze membership rates. In 2006 the TFC would lose approximately \$30,079.25 in revenue if the fees are lowered and membership levels do not increase. The peer cities are not our competitors therefore our pool of potential members do not

"shop" these centers. The TFC will increase community outreach and marketing in order to increase membership.

R-6.3 The TFC will conduct program surveys to assess revenue versus expense. Other surveys will be conducted to assess member satisfaction to assess our fitness class package fees and general satisfaction with programming.

The TFC will monitor revenue and expenses within each program to determine the net gain or loss.

R-6.4 The TFC will investigate using interns from Cleveland State, Akron or KSU to help develop a marketing plan. A professionally developed marketing plan by an outside consultant will be considered for hire depending on cost and proposal.

R-6.5 Agreed that the TFC will increase their marketing program and develop discount programs and incentives as well as increase the use of focus groups and surveys. How and who will run the marketing program is to be determined.

R-6.6 The TFC will order the CSG guidelines and as changes are made in the TFC custodial staff, may implement some of the strategies outlined in the CSG manual. Presently, expectations are clearly communicated to staff on a regular basis including monthly maintenance meetings.

R-6.7 Internal controls were tracked by Ciuni and Panichi Inc. The auditor stated that based on the number of staff in the building, our cash flow practices are acceptable. AOS recommendations would increase the number of staff who handle the money to four additional employees. This increase in staff may also increase the risk for errors. The bank deposit receipts are reconciled with the finance department deposit reports. In the future, the General Manager will review daily deposit spread sheets and compare them to the Finance Department report.

Financial Implication Summary – Twinsburg Fitness Center

Overall the audit points out that better tracking of data and trends should be implemented. In order to track market penetration, member satisfaction, program registration levels, and cost effectiveness of programs, a minimum of one additional staff member will be needed. We traditionally staff light, often using management to fill in for other staff limiting our availability for detailed

data tracking. The potential loss of revenue if we do not increase fees is \$30,079.25. That is 5% of the total membership income in 2004. If we implement member surveys to track satisfaction and increase our market efforts to reach a broader population, we would be better served than not increasing fees.

In order to prepare a professional marketing campaign, we would need to contract with an outside consultant to be most effective. Ineffective marketing is just a waste of money.

If our fees were increasing dramatically one would see a dramatic decrease in membership numbers. This is not the case. Following is a chart of number of members in 2001 – the last year at the original fees compared to 2002-2005. In 2002 we had a 15% increase and each of these last three years members experienced a 5% increase. It appears we have leveled out our members to a more consistent rate.

Calendar year	2001	2002	2003	2004	5/31/2005
Annual Family memberships	3,382	4,080	3,612	3,697	3,633
Annual Individual memberships	904	1,110	1,124	1,134	1,117
Total	4,286	5,190	4,736	4,831	4,750

TFC management is acutely aware that if we increase the number of members, we will increase our revenue. We are dedicated to keeping our members happy and fully serving the residents of the City.

The Administration has determined that the recommendation to increase memberships is obviously a good recommendation and one that the TFC has accomplished and will work to improve. The financial impact tied to it in the audit report is an unsubstantiated figure and cannot be used as an accurate prediction of increased revenue.

The recommendation to implement an intensive marketing plan is valuable and estimated to cost the city an additional \$45,000 either in an additional staff person or consulting services.

Revenue from Increased Membership: Undetermined
Marketing Program Expense for Consulting: (\$45,000)

Total Cost of Implementation: (\$45,000)

After considerable time in reviewing the audit report and its recommendations, the Administration has concluded that the additional revenue from tax non-filers can be used to offset the costs for additional employees in the Income Tax Department and to fund the audit recommendations for other departments. The Administration consulted with Department Heads to provide cost estimates that were not provided by the Auditors.

Financial Implication Summary

Income Tax: Total Potential Savings: \$147,684

Human Resource Department: Total Cost of Implementation: (\$61,500)

Service Department: Total Cost of Implementation: (\$70,700)

Engineering Department: Total Cost of Implementation: (\$17,000)

Twinsburg Fitness Center Total Cost of Implementation: (\$45,000)

Total Outlay for Implementation of Audit Report Recommendations
Accepted by the Administration:
(\$46,516.00)

I would like to thank Fred Bartz and the audit team for their cooperative spirit in working through the Performance Audit process. The Administration and Department Heads have obtained valuable information about the process and many suggestions on methods to achieve improved fiscal responsibility. While the Administration and Department Heads do not agree with all of the analysis and conclusions we are certainly willing and ready to implement those recommendations that we deem feasible. In the future we would hope that the process includes pre-established benchmarks and a process to compare both the audited and peer cities to those standards. In some areas a comparison of processes was identified but no recommendation as to the superior process was noted. The remaining conclusion was left wide open to speculation. Also, additional discussion regarding community expectations for level of services should be included in the audit report.

It is my understanding that the audit process is being reviewed. I look forward to discussing any changes that may be recommended and how those changes will affect both the process and the end product.

Thank you for considering the city's comments and input regarding the Post Audit Performance Report. Please let me know if you need additional information or if I can be of assistance in some other capacity.

Best regards,



Katherine A. Procop
Mayor, City of Twinsburg

CC: J. Penning
W. F. Bartz, Jr.
City Council