OHIO AUDITOR OF STATE
KEITH FABER

City of Harrison

Performance Audit

July 2026

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OHIO AUDITOR OF STATE
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To the City of Harrison:

The Auditor of State's Office recently completed a performance audit for the City of Harrison's Department of Development Services (the Department). This audit was conducted at the request of City officials. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas.

This performance audit report contains recommendations, supported by detailed analyses, to enhance the Department's overall economy, efficiency, and/or effectiveness. This report has been provided to the Department and its contents have been discussed with the appropriate staff and leadership. The Department has been encouraged to use the recommendations contained in the report to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

It is my hope that the Department will use the results of the performance audit as a resource for improving operational efficiency as well as service delivery effectiveness. The analyses contained within are intended to provide management with information, and in some cases, a range of options to consider while making decisions about their operations.

This performance audit report can be accessed online through the Auditor of State's website at http://www.ohioauditor.gov and choosing the "Search" option. Additional resources related to performance audits are also available on the Ohio Auditor of State's website.

Sincerely,

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 21, 2026

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City of Harrison

Performance Audit Summary

WHAT WE LOOKED AT

The City of Harrison is located in southwest Ohio outside of Cincinnati along the Ohio and Indiana border in Hamilton County. The City has seen significant growth over the past several years with its population increasing more than 35 percent between 2010 and 2024.

In 2025, the City hired a consulting firm to update its comprehensive plan, citing the need to adjust planning in support of future development in the face of substantial residential growth, the aftermath of the 2020 pandemic, changes in technology utilization, and the continued trend towards urban living and downtowns. The second phase of the plan update will involve a rewrite of the City's zoning ordinance, which is the municipal legal framework responsible for regulating land use, building size, density, and site development standards. To complement these plan updates and better position Harrison to prepare for effectively managing its continued development, the City's leadership requested this performance audit of their Department of Development Services, formerly called the Economic Development, Building and Zoning Department, to identify opportunities for improvements in efficiency and effectiveness in the areas of organizational structure and staffing, flow of operations, management practices, and fee schedules for building and zoning. These operational areas were compared to industry standards, peer cities, and best practices. The City implemented many of the best practices identified throughout the audit process. These actions by the City are highlighted throughout the body of the report.

WHAT WE FOUND

Throughout the audit, we found areas for improved operations and efficiency. Often, the City implemented improvements to its operations during the audit based on our observations. Some of these improvements included utilizing the Department's new permitting software for simultaneous plan reviews and updating its job descriptions.

Generally, we found that the City is continuing to grow with significant residential development taking place. This performance audit was one of three steps that the City has taken related to managing its development. The other two steps taken by the City include hiring a firm to update its comprehensive plan, the firm will then conduct a zoning code rewrite. Our audit will be used to support these two actions.

Through discussions with Department staff and numerous peer cities, it became evident that economic development services, staffing levels, and fee structures vary based on each city's unique goals, growth patterns, and development opportunities. Some communities are experiencing growth and have land available for development, while others are more focused on redevelopment or managing limited growth. As a result, direct comparisons between cities can be challenging, as differences in organizational structure, service levels and resource allocation often reflect strategic priorities rather than operational effectiveness. Ultimately, we found that the services provided by the Department are tied to and often dependent upon the City's goals. With the updated comprehensive plan, the Department will have an opportunity to create policies and procedures that directly align with the City's plan.

KEY OBSERVATIONS

Key Observation 1: During the course of the audit, the City created a City Administrator position, which was filled by the City's Finance Director. The City Administrator now oversees the departments of the City and reports up to the Mayor.

Key Observation 2: At the beginning of the audit, the Department had a vacant Director position. This position was filled during the course of the audit and reports to the City Administrator.

Key Observation 3: The Department does not utilize cross-training or succession planning, which could help alleviate increased workload on its current staff. The increased workload is primarily driven by new home builds and other economic development activities within the City.

SUMMARY OF RECOMMENDATIONS

Management

Recommendation 1: Policies and procedures help an organization to operate efficiently and achieve stated goals. While the Department relies heavily on city statutes for operational guidance, it does not have formal, written policies and procedures to guide day-to-day functions. The City should develop formal, written policies and procedures for its Department of Development Services to help ensure management practices are efficient, effective, and transparent, and are in accordance with the City's comprehensive plan.

Recommendation 2: The Department is responsible for ensuring development projects are meeting the strategic goals and needs of the City. Currently the Department does not track key performance indicators (KPIs) to measure the success of these projects. The Department should develop and implement a system of performance measurement, including the use of KPIs and peer benchmarking, for continual evaluation of its work to ensure development activities are being conducted in an efficient, effective, and transparent manner. The Department should consider the City's comprehensive plan when implementing a system of performance measurement to ensure alignment with stated goals.

Recommendation 3: Economic incentives, such as tax breaks, are a tool that municipalities can use to encourage growth and development. While the Department uses these incentives, there is no formal policy guiding usage. The Department should establish a policy guiding the use of economic development incentives to ensure incentives are transparent and achieving the intended outcomes of the City and the recipient. The policy should also ensure that the incentives are in alignment with the City's comprehensive plan.

Staffing

Recommendation 4: Ensuring continuity of services is an important component of a government entity. When a single individual is responsible for a critical function or employees are siloed within their job duties, it can cause disruptions if there are unforeseen absences or departures. The Department should strengthen key human resources management practices including cross-training and succession planning to avoid potential disruptions in service and better position the Department to respond effectively to staffing changes and workload demands.

Operations

Recommendation 5: The Department performs multiple functions including economic development, permitting, building inspections, and code enforcement. Each of these activities require step-by-step processes. After reviewing the Department's internal processes and comparing them to those of the peer cities, we found certain areas of differentiation that could allow for overall improvement. Some of the peer cities appear to utilize more efficient or standardized operational approaches when completing these functions. Areas for improvement include streamlining decision-making authority, allowing for collaborative and concurrent reviews, and enhanced data tracking. The Department should review its internal processes and consider implementing modifications to improve overall efficiency and effectiveness.

Fees

Recommendation 6: Cities typically charge fees to recover the cost of providing services. The Department should follow best practices when setting building and zoning fees, which means accounting for the full cost of these services, both direct and indirect. None of the peer cities surveyed set their building and zoning fees to fully recover these costs. The City should decide how much it wants to subsidize these fees to encourage development, while still recovering all or part of its costs. Once the City sets that policy, the Department should create a standard, written process for reviewing and updating fees on a regular schedule.

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Introduction

At their core, municipal governments are service-oriented organizations that provide residents with a multitude of benefits. Those services and benefits come at a cost to its residents, so it is vitally important that local governments act as good stewards of public money. Sound financial planning, communication, and transparency are important parts of ensuring good stewardship, as are human resource and operational management practices that optimize efficiency and effectiveness.

The planning and implementation of economic development strategies are also critical components of a city's financial future and potential growth. Encompassed within economic development are a city's building and zoning codes, which are necessary tools used to ensure the fulfillment of economic development strategies through the regulation of land use. Building and zoning regulations may promote public health, safety, and welfare; foster balanced development; and protect property.

In 2025, to ensure the City is planning to efficiently and effectively manage its continued development, the City of Harrison requested a performance audit of its Economic Development, Building, and Zoning Department by the Ohio Auditor of State's Ohio Performance Team (OPT).[1] OPT conducts performance audits of government entities and provides data-driven analyses and recommendations which can assist officials in improving the economy, efficiency, and effectiveness of both an organization as a whole, or a small department or program.[2]

This performance audit is intended to provide objective analysis, findings, and conclusions to assist City officials, and to help the City improve program performance and operations, facilitate decision making by leadership, and contribute to public accountability.

During the course of the audit, the City changed the name of the Economic Development, Building, and Zoning Department to the Department of Development Services. Throughout the audit report, this name change will be reflected.

[1] During the course of the audit, the Department was renamed to the Department of Development Services.
[2] Performance audits are conducted in accordance with Generally Accepted Government Auditing Standards, see **Appendix A** for more details.

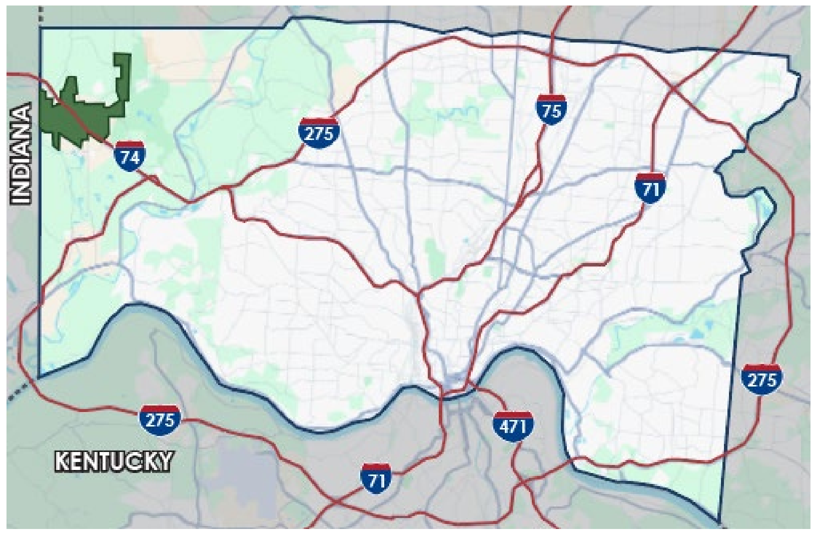
Audit Methodology

The audit reviewed four main areas to provide the City with data-driven information to be used for strategic decision making. Specifically, we analyzed the organizational structure and staffing, flow of operations, management practices, and building and zoning fee schedules of the Department of Development Services. The information, which was presented to City officials, is based on a combination of peer city comparisons, industry standards, and identified best practices.

In consultation with the City, two groups of peer cities were identified for the purpose of this audit. The first group, primary peers, was selected for comparison in the objectives pertaining to staffing, flow of operations, and management practices. The selection of primary peers considered key demographic attributes of the community and comparable structures to Harrison's Department of Development Services. The second group, local peers, was selected for comparison for the review of the Department's fee structures and schedules. These cities are located in the same geographical area as Harrison and were specifically selected to provide context on local fee structures and schedules. For more information on the peers, see **Appendix A**.

City of Harrison

The City of Harrison (the City or Harrison) is located in southwest Ohio along the Ohio-Indiana border. The City is located just west of Cincinnati and is situated on a major interstate. Established as a city in 1981, Harrison covers approximately 5.3 square miles of northwestern Hamilton County.[3] The City's median income is approximately $100,000. Harrison has experienced significant population growth in recent years and had approximately 13,500 residents in 2024,[4] which is an increase of more than 35 percent from its 2010 population of approximately 9,900 residents.



Governance

In Ohio, cities may be organized as statutory cities, which follow the uniform government structures laid out in the Ohio Revised Code, or as charter cities, which adopt their own local charter that defines the structure, power, duties, and authority of their local government. Harrison is a charter city and is organized under a city charter that was first adopted in 1981. Harrison's City Charter must be reviewed at least once every five years by a Charter Review Commission for amendments necessary to conform to the changing needs of the City. The Charter Review Commission is comprised of nine members, including the Mayor, one member of City Council, three residents appointed by the Mayor, and four residents appointed by City Council. Additionally, the Director of Law serves in an advisory capacity to the Commission. The Commission is responsible for making recommendations to the Council, who may vote to adopt, amend, or decline the Commission's recommendations.[5]

The City is governed by a Mayor and seven-member City Council, who are elected to four-year overlapping terms, with elections held every two years. The Mayor serves not only as the chief executive and administrative head of the City, but as President of Council with a tiebreaking

[3] Harrison was first established as a village in 1850 but became a city when its population reached 5,000 residents, pursuant to ORC § 703.01 (A).
[4] Population is based on 2025 Census American Community Survey data.
[5] The City approved a new Charter Review Commission in February 2026, which is expected to hold review meetings and develop recommendations for the Council over a six-month period.

vote. This includes the responsibilities for managing City personnel, ensuring City ordinances are enforced, and advising the Council on the financial condition and needs of the City. Harrison's City Council holds the legislative authority of the City, including the ability to levy taxes, regulate land use, and establish City departments, boards, and commissions.

Pursuant to Harrison's City Charter, the Mayor is the chief executive and administrative head of the City. The Mayor is responsible for the day-to-day operations and management and direction of City personnel. Harrison's Charter spells out 15 departments, boards, commissions, and bureaus responsible for carrying out administrative and advisory functions of the City.[6] Each department, board, and commission ultimately reports to the Mayor. Harrison recently established a city administrator position designed to help oversee day-to-day municipal operations. Harrison's City Administrator is also the Director of Finance, and reports directly to the Mayor. Additionally, Harrison's City Council oversees the Clerk of Courts. The Department of Development Services is a combined office of the Department of Building and Department of Zoning.

Department of Development Services

An important process in managing a city's financial future revolves around its ability to successfully plan and implement economic development strategies. Economic development strategies provide guidelines for policies, programs, and capital investments that attract and retain business and residents, increase employment opportunities, promote investment, and ultimately influence the type and location of development within a community (see **Economic Development**). Building and zoning codes provide legal frameworks for how land is used within a city's limits and are how a city is able to encourage and enforce its overall economic development strategy (see **Building and Zoning** **and** **Appendix D**). While this is a policy decision for city leadership to make, in Harrison, the Department of Development Services is responsible for economic development, building, and zoning activities and engagements within the community.

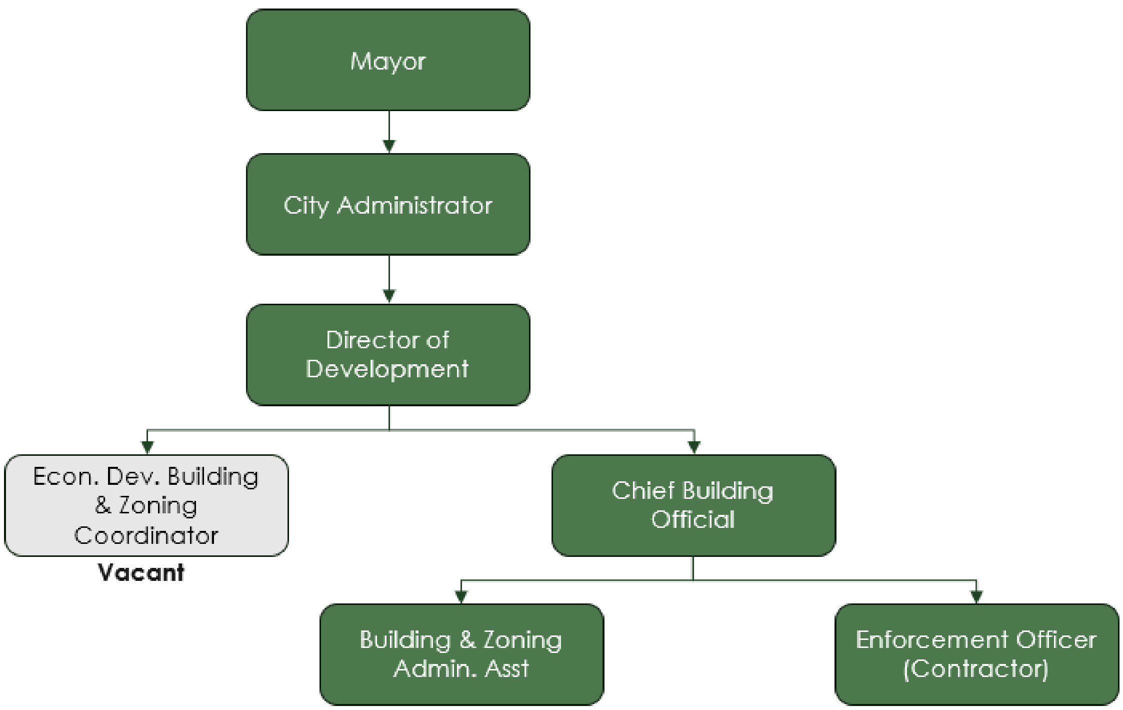
Throughout Harrison's history, these activities have been handled in various manners within different offices. The Department of Building was established as one of the City's original departments with the passage of its 1981 charter, while the Economic Development Department was established approximately 15 years ago to help manage the City's growth. The City decided to combine these two offices in 2016 and created the Economic Development, Building, and Zoning Department. During the course of this audit, the Department was renamed

[6] These include the Civil Service Commission, Department of Finance, Department of Fire and Emergency Medical Services, Income Tax Board of Review, Income Tax Bureau, Department of Law, Parks and Recreation Commission, Department of Police, Department of Records, Department of Service, Department of Utilities, Board of Zoning Appeals, Department of Building, and Department of Zoning.

to the Department of Development Services and will retain all functions that were handled under the Economic Development, Building, and Zoning Department.

The Department is managed by a Director who oversees the economic development and building and zoning functions, and reports to the City Administrator. Economic development functions, which are primarily led by the Director with assistance from a Building, Zoning, and Economic Development Coordinator, support local companies with technical assistance, provide access to financial programs that provide tax abatements, and help developers access state and federal development programs loans, grants, job training and tax credits. Building and zoning functions, which are led by the Chief Building Official and supported by an Enforcement Officer and Building and Zoning Administrative Assistant, interpret and enforce all zoning code, review plans and permit applications, conduct building inspections, and enforce property maintenance code.

Department of Development Services Table of Organization



Source: City of Harrison

Both the economic development and building and zoning functions play a crucial role within the Department and the goals of the City. All Department functions flow up to the Mayor's office, who plays a key role in developing the economic strategies of the City.

Economic Development

Harrison's primary economic development financial tax incentive programs are its Enterprise Zone (EZ) and Community Reinvestment Area (CRA), which aim to establish, expand, and renovate facilities and job creation opportunities within specific areas in exchange for local tax incentives. Under the EZ program, businesses may apply for tax reductions on real property investments that may be negotiated between the City and the investor depending on the size of the investment and extent of job creation or preservation. Under the CRA program, real property investment incentives may be offered for the renovation of existing or construction of new buildings within the CRA. In 2024, the City's property tax revenues were reduced by approximately $216,000 under these programs.[7]

The City has a relatively large manufacturing presence, with its largest employer staffing nearly 700 employees and supplying food service operators with ready-to-eat bulk meal products offered in institutional settings, such as school and healthcare cafeterias. More recently, Harrison has attracted a wholesale pharmaceutical drug distribution company, which is expected to create 140 new full-time equivalent positions, and a new mass merchandiser store that is expected to be the anchor tenant for a large retail center in the community.

Harrison's Comprehensive Plans

An important aspect of economic development is the use of strategic planning. For cities this often takes the form of a comprehensive plan, which is a document that provides a framework for a community's vision of its future. The plan incorporates input from residents, workers, businesses, and community leaders in order to build out a vision for economic development along with creating a future identity for the city. The first noted comprehensive plan for the City was in 1999, with an update in 2006. In 2018, the City adopted a new comprehensive plan, *Envision Harrison*. This plan established an entertainment district within Harrison's Downtown Redevelopment District to support the emerging dining and shopping opportunities.[8] The City also created a Designated Outdoor Refreshment Area (DORA) that allowed alcohol in a select six-block area downtown.

The Envision Harrison plan was followed by the creation of a Downtown Strategic Development plan for the downtown area in 2023, which was intended to identify development opportunities. Generally, this plan focused on fostering new retail and restaurants and generating additional residential investment in the existing housing stock to spur continued economic development in Harrison's downtown district.

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[7] In 2024, the City's total property tax revenue totaled $5.6 million.
[8] Harrison's Downtown Redevelopment District was established in the early 1990s.

In 2025, the City hired a consulting firm to update its comprehensive plan, citing the need to adjust planning in support of future development in the face of substantial residential growth, the aftermath of the 2020 pandemic, changes in technology utilization, and the continued trend towards urban living and downtowns. The second phase of the plan update will involve a rewrite of the City's zoning ordinance, which is the municipal legal framework responsible for regulating land use, building size, density, and site development standards. To complement these plan updates and better position Harrison to prepare for effectively managing its continued development, the City's leadership requested this performance audit of their Department of Development Services to identify opportunities for improvements in efficiency and effectiveness in the areas of staffing, organizational structure, operational processes, and the structure and rate of their permit fee schedules.

Building and Zoning

While a city ordinance is a specific local law passed by a city council, a city code is the comprehensive collection of all local laws, including ordinances, regulations, and administrative rules. The City has many types of codes, including traffic code, business regulation code, building code, and zoning code. The Department primarily handles two types of code: Building and Zoning. The Building Code provides minimum standards for basic and uniform regulations for all commercial development, one-to-three family home construction, accessory structures such as fences and garages, and all non-residential structures and mechanical systems. The Zoning Code regulates the height and square footage of structures, rights of way, yard dimensions, and the integrity and permissible uses of land plots (see **Appendix D**). These regulations were developed in accordance with the comprehensive community plan for the purpose of promoting public health, safety and welfare and to encourage the most appropriate uses of land throughout the City.

Planning Commission

Harrison's Planning Commission was established under Section 5.10 of the City Charter, which outlines the composition and responsibilities of the Planning Commission. The Commission is the advisory group responsible for reviewing and evaluating land use and development within the City by recommending zoning districts and regulations to City Council. The Commission has five members, including the Mayor, a member of City Council, and three Harrison residents appointed by the Mayor with consent of City Council to serve three-year staggered terms.

Board of Zoning Appeals

Harrison's Board of Zoning Appeals (BZA) was established under Section 5.15 of the City Charter, which outlines the Board's composition and responsibilities pertaining to reviewing decisions on zoning. The BZA is responsible for interpreting the City's zoning code, reviewing requests for exceptions to the code, deciding on conditional uses that allow for limited variances to the code, and hearing and handling appeals of administrative decisions in enforcing the zoning code. It is comprised of five Harrison residents, who are appointed by the Mayor with consent of City Council to serve five-year staggered terms.

Joint Economic Development District

While Harrison has experienced significant increases in population and development in the last 15 years, continued development must take into consideration the Joint Economic Development District (JEDD) that the City established with Harrison Township in 2003. JEDD agreements are contracts between municipalities and townships to cooperatively develop land for commercial or industrial use.

The agreement provides the framework for income tax to be collected within the JEDD; the income tax is shared by the township and the City. The agreement also stipulates the services that the City will provide, such as fire and emergency medical services. For the City, this allows for income tax to be generated by non-residential land but limits the City’s land use options.

Financial Background

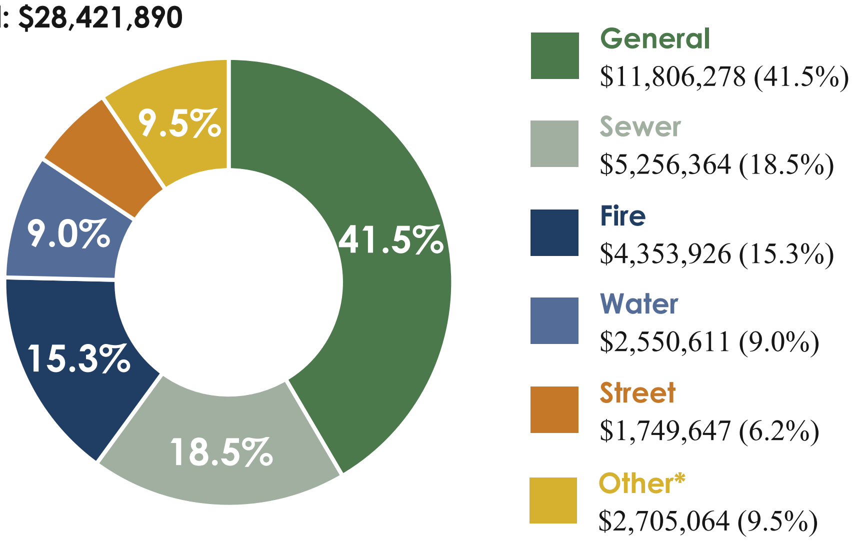
City governments obtain revenue from a variety of sources including local property taxes, state aid, income taxes, and fees for services. These revenues allow a city to provide a variety of services to its citizens and others. Much like an individual may maintain multiple bank accounts, such as checking and savings, local governments often operate using multiple accounts for various activities related to daily operations and long-term planning.

Revenues

In 2024, Harrison collected approximately $28.4 million in total revenue. This revenue was divided into various funds, as shown in the chart below. The General Fund was the largest fund, comprising 41.5 percent of all revenue. Unlike the City’s enterprise funds (Sewer and Water) and special revenue funds (Fire and Street) the General Fund is not restricted to specific purposes but instead flexible and used for overall operations, including economic development and building and zoning services provided by the Department of Development Services.

2024 Citywide Revenue by Fund

Total: $28,421,890



Source: City of Harrison Financial Statements
Note: Other funds include the City's Nonmajor Governmental Fund, Nonmajor Enterprise Fund, and Capital Improvement Fund

In 2024, the City's General Fund revenues totaled approximately $11.8 million. The largest source of this was the municipal income tax, which generated approximately $6.6 million, accounting for 56.4 percent of total General Fund revenues. This revenue was derived from the City's one percent income tax levied on income earned within the City, as well as on residents earning income outside of the City.[9] The second largest revenue source was property taxes, which generated approximately $2.1 million, or 18.6 percent of total General Fund revenues.

The remaining 25 percent of General Fund revenue came from a variety of sources including, but not limited to, interest earnings, charges for services, fines and forfeitures, contributions, and intergovernmental revenues. Within these remaining revenue sources, $533,220 was specifically generated through licenses, permits, and inspection activities. This category represented the only revenue directly attributable to the Department's operations and accounted for 4.5 percent of total General Fund revenue.

Expenditures

In 2024, Harrison's annual expenditures totaled $21.8 million, with approximately $15.6 million, or 71.5 percent, coming from the General Fund. The City's General Fund expenses covered many of the City's day-to-day government functions including, but not limited to, police

[9] While Harrison previously offered an income tax credit for residents who earn income outside of the City and pay taxes in another municipality, this credit was phased out in 2025.

operations, administration, finance, parks and recreation, as well as the Department's functions in economic development and building and zoning.

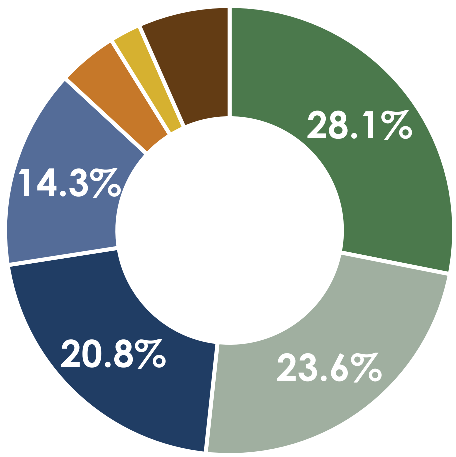
The Department represents only a small portion of the City's overall financial activity, with Departmental expenditures totaling approximately $546,000 in 2024, or 3.5 percent of Harrison's $15.6 million in total 2024 General Fund expenditures.[10]

The Department's 2025 expenditures by category show more than a third of the Department's expenditures going towards personnel costs, with salaries, Ohio Public Employees Retirement System (OPERS) retirement contributions, and health insurance accounting for a combined 34.6 percent of total annual expenditures. Contractual services represent 23.6 percent of the Department's annual expenditures, which includes the cost of switching to a software system for managing permits online and the wages of the Department's two contracted zoning enforcement officers. Grant expenditures, at 20.8 percent of 2025 expenditures, represent passthrough funding from Hamilton County through the Department then to Harrison's Community Improvement Corporation (CIC). This means that the Department is not directly expending the grant funds on services, but rather the funds are passed through the Department to the CIC from Hamilton County. Professional services include the zoning code rewrite portion of the City's ongoing comprehensive plan update with a third-party firm and make up 14.3 percent of 2025 expenditures. The remaining 6.6 percent of the Department's General Fund expenditures were split across other smaller categories, such as travel costs, office supplies, and employee separation benefits.

[10] The citywide financial review within this audit used FY 2024 financial information from the City of Harrison's Financial Audit; for the Department financial review, we used FY 2025 financial information from the Department.

2025 Dept. of Development Services Expenditures by Category

Total: $864,048



Salaries
$242,906 (28.1%)

Contractual Services
$203,862 (23.6%)

Grant Expenditures
$180,000 (20.8%)

Professional Services
$123,903 (14.3%)

OPERS
$36,941 (4.3%)

Health Insurance
$19,275 (2.2%)

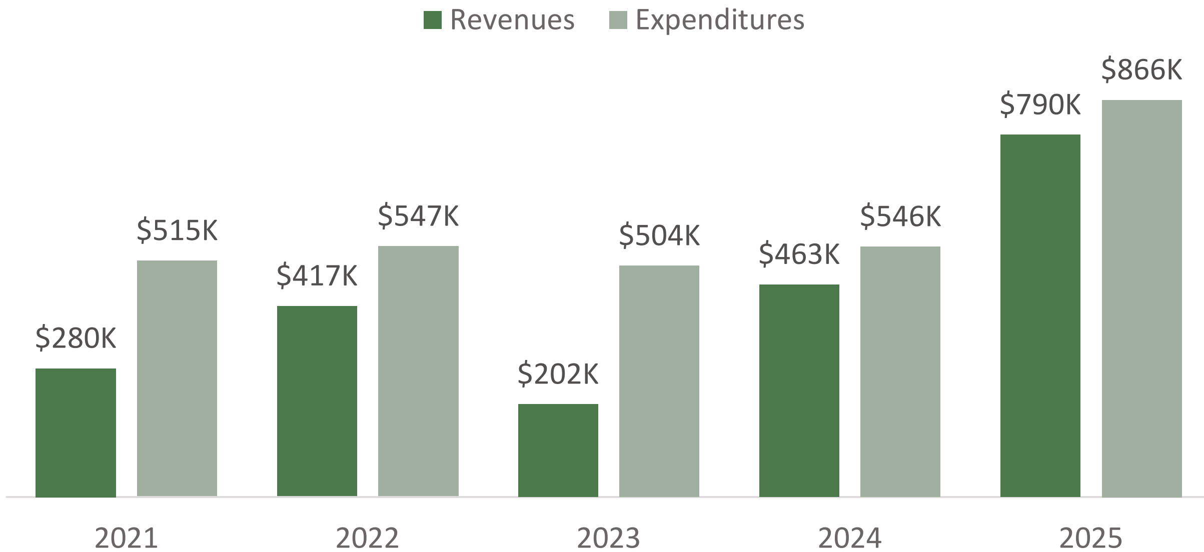
Other
$57,161 (6.6%)

Source: City of Harrison Financials

The Department operates entirely within the City's General Fund. Since the Department's revenue is generated from licenses, permits, and inspections, significant fluctuations can be seen year to year. The chart below shows the Department's revenues and expenditures[11] from 2021 to 2025.

[11] JEDD revenues are not included in this data.

Departmental Revenues and Expenditures, 2021- 2025



Source: City of Harrison

The Department's revenues and expenditures from 2021 through 2025 reflect both the City's continued development and the evolving role of the Department in supporting that development. Over the five-year period, expenditures increased from approximately $515,000 in 2021 to $866,000 in 2025, representing an overall increase of approximately 68 percent. Revenues also increased from approximately $280,000 in 2021 to $790,000 in 2025, an increase of approximately 182 percent. The temporary decline in expenditures observed in 2023 may be partially attributable to staffing vacancies or transitional periods within the Department.

Although expenditures exceeded revenues in each year shown, economic development functions are often intended to serve as long-term investments rather than direct revenue generating operations. The goal is to stimulate broader economic activity, attract new businesses and residents, encourage retail and commercial development, and expand the tax base. As development occurs, the City may realize indirect financial benefits through increased income tax collections, property tax revenues, business activity, and population growth.

Summary of Audit Results

Our performance audit was conducted at the request of the City of Harrison. We identified four main areas for analysis that would provide the City and Department with data-driven information to be used for strategic decision-making. Specifically, we reviewed the Department's management practices, flow of operations, human resources practices, and zoning fee schedules and structures.

Management

Recommendation 1: Policies and procedures help an organization to operate efficiently and achieve stated goals. While the Department relies heavily on city statutes for operational guidance, it does not have formal, written policies and procedures to guide day-to-day functions. The City should develop formal, written policies and procedures for its Department of Development Services to help ensure management practices are efficient, effective, and transparent, and are in accordance with the City's comprehensive plan.

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Operations

Recommendation 5: The Department performs multiple functions including economic development, permitting, building inspections, and code enforcement. Each of these activities require step-by-step processes. After reviewing the Department's internal processes and comparing them to those of the peer cities, we found certain areas of differentiation that could allow for overall improvement. Some of the peer cities appear to utilize more efficient or standardized operational approaches when completing these functions. Areas for improvement include streamlining decision-making authority, allowing for collaborative and concurrent reviews, and enhanced data tracking. The Department should review its internal processes and consider implementing modifications to improve overall efficiency and effectiveness.

Fees

Recommendation 6: Cities typically charge fees to recover the cost of providing services. The Department should follow best practices when setting building and zoning fees, which means accounting for the full cost of these services, both direct and indirect. None of the peer cities surveyed set their building and zoning fees to fully recover these costs. The City should decide how much it wants to subsidize these fees to encourage development, while still recovering all or part of its costs. Once the City sets that policy, the Department should create a standard, written process for reviewing and updating fees on a regular schedule.

Management

Sound management practices are essential for transforming policy into effective service delivery and ensuring the responsible stewardship of public resources. Formalized policies and procedures ensure cohesive and consistent outcomes for service delivery. Policies provide higher level guidance for departments, while procedures allow for clear steps to ensure policies are adhered to. Key performance indicators (KPIs) are another important management practice and allow leadership to measure outcomes against strategic goals and policies, providing data-driven accountability. These tools should be used to ensure public trust through transparent stewardship of public resources.

Recommendation 1: Develop Formal Policies and Procedures

Policies and procedures help an organization to operate efficiently and achieve stated goals. While the Department relies heavily on city statutes for operational guidance, it does not have formal, written policies and procedures to guide day-to-day functions. The City should develop formal, written policies and procedures for its Department of Development Services to help ensure management practices are efficient, effective, and transparent, and are in accordance with the City's comprehensive plan.

Impact

The Department does not have policies and procedures governing its Department-wide and core functions. Implementing formal policies and procedures throughout the Department will ensure consistency, help standardize processes, and provide guidance for its core functions. Additionally, the Department does not have any policies that encourage cross-training or succession planning related to its personnel resources (see **Recommendation 4**). Developing Department-wide policies and procedures can assist in effective and efficient management.

Background

A policy is a direct link between an organization's vision and its day-to-day operations while a procedure is a series of steps that accomplish an action. In short, department policies tell the organization what to do and why; procedures tell the organization when and how. Policies, for example, include rules, standards, guidelines, philosophies and objectives. Procedures include protocols, steps, and specific instructions. Procedures are often spelled out in an organizational flow chart but stem from overarching policies set by the entity's leadership. Having policies and procedures allows employees to carry out their functions within defined boundaries, allows for clear responsibilities and delineation of duties, and ensures consistency with its service delivery.

Methodology

Through interviews, we determined that the Department does not have formal policies and procedures for its Department-wide and core functions. We then identified best practices related to policies, procedures, and management practices. We developed flow charts for the Department to use as job aids (see **Recommendation 5** and **Appendix B**) and also identified opportunities for the Department to mitigate its operational and staffing resource risk by cross-training staff and succession planning (see **Recommendation 4**).

Analysis

Policies

The Department generally relies on the City's ordinances for guidance, however there are no formal written policies specific to Department operations. Policies should be developed in accordance with the City's goals as they relate to the Department's functions. With the City completing a recent update to its comprehensive plan, the Department will be able to utilize up-to-date information to build out its policies, as departmental policies should be in alignment with the City's comprehensive plan. Policies should also incorporate information and opinions gleaned from the Department's tenured staff. Given that the staff has been with the Department or City for more than five years on average, these individuals have a significant amount of institutional knowledge that can be used when developing policies.

With these resources and the guidance of City leadership, the Department can develop formal policies that will provide guidelines for procedures. The Department should create policies for its core functions, such as economic development incentives and setting fee reviews; staffing resources, such as cross-training or succession planning; and key performance indicators. Once policies are developed, reviewed, and implemented, the Department should regularly review and update its policies to ensure alignment with the City's goals.

Procedures

Procedures are generally the day-to-day activities done within the Department to accomplish tasks or goals set within policies and to provide employees with guidelines on how to perform a task or duty consistently. Job aids are an example of procedures and are an important part of ensuring that a task is performed in a consistent manner, regardless of who is performing the action. Job aids reduce errors, reduce training time, and support learning for employees. An example of a job aid is a flow chart which can be utilized to capture all of the important tasks that are contained within the Department's core functions. Flow charts allow step-by-step actions to be understood quickly, particularly for newer employees. Flow charts also provide organizations an opportunity to understand if there are operational gaps or if there is a need for more detailed instruction from the typical day-to-day operations (see **Recommendation 5**).

For detailed examples of flow charts for the Department's four primary functions, see **Appendix B**. The Department can use these flow charts we created as a job aid to support procedures related to its core functions, but formal policies will still need to be developed. In addition, flow charts should be reviewed and updated as policies or practices change.

According to the Local Government Services[12] office within the Ohio Auditor of State's office, the steps necessary to develop a policy and/or procedure include:

- Articulate the goal;
- Gather information;
- Develop and write;
- Managerial/Legal review;
- Implement;
- Communicate the policies and procedures; and,
- Set a review timeframe and update accordingly.

Policies and procedures should be developed Department-wide, with a focus on the Department's core functions. This includes policies and procedures for:

- KPIs (see **Recommendation 2**);
- Economic Development (see **Recommendation 3**);
- Job Aids (see **Recommendation 5**);
- Cross-Training and Succession Planning (see **Recommendation 4**); and,
- Setting Fee Reviews (see **Recommendation 6**).

The Department should also develop policies and procedures that align with the City's goals and comprehensive plan.

Conclusion

The Department should develop formal, written policies and procedures governing its core functions and day-to-day operations. These should cover Department-wide and core functions, while ensuring the policies and procedures align with City goals. By doing so, Department officials and City officials responsible for Department oversight will be able to better ensure the effective and efficient management of operations.

[12] Local Government Services is a department within the AOS office and serves as a consulting and fiscal advisory group to all government agencies, school systems, and political subdivisions.

Recommendation 2: Implement Performance Measurement Practices

The Department is responsible for ensuring development projects are meeting the strategic goals and needs of the City. Currently the Department does not track key performance indicators (KPIs) to measure the success of these projects. The Department should develop and implement a system of performance measurement, including the use of KPIs and peer benchmarking, for continual evaluation of its work to ensure development activities are being conducted in an efficient, effective, and transparent manner. The Department should consider the City's comprehensive plan when implementing a system of performance measurement to ensure alignment with stated goals.

Impact

Performance measures, such as KPIs, will provide valuable information to the Department's leadership, staff, and stakeholders by setting expectations, measuring service delivery outcomes, and identifying opportunities for improvement within its core functions. Performance measures also allow for accountability of public resources. For Harrison, the data and information collected, including the Department's new permitting software, will provide an opportunity for the creation of KPIs and other performance measures. Some examples of KPIs to help measure Department outcomes include lead time for inspections, which is the amount of time it takes from when an inspection is requested to when the inspection occurs or setting goals for the time it takes to review permit applications. These measures will allow for further evaluation and development of its service delivery model, flow of operations, and policies and procedures.

Methodology

We interviewed Department staff to understand the performance measures that are currently used, whether formal or informal. We found that the Department does not use KPIs to manage its operations. As a result, we conducted research into identified best practices related to KPIs and the importance of performance measures, as established by the National State Auditors Association (NSAA).

Analysis

According to Department officials, the Department does not currently use KPIs and has historically had limited use of peer benchmarking. Further, the Department's internal evaluations of operational efficiency and effectiveness are very limited with no formal programmatic evaluations currently being conducted.

In *Best Practices in Performance Measurement for Government* (2004), the NSAA issued best practices for developing performance measures. According to the NSAA, "Performance should be measured to ensure:

- Services are of adequate quality;
- Jobs get done;
- Resources are efficiently and effectively used; and,
- Public resources are spent on appropriate and meaningful activities."

To understand what is being measured, managers should develop a mission statement, establish goals, set objectives, and develop an action plan. Stakeholder input should be obtained from staff, customers, and policymakers. According to the NSAA, each performance measure should be assessed with the following questions:

- Is it meaningful?
- Is it focused on customer needs and demands?
- Is it accurate and is reliable data considered?
- Is it simple enough to be understood?
- Is it cost effective to collect and report the data?
- Can the data be compared over time?
- Is the measure compatible with other performance measures?
- Is the measure useful to others?

All users of the data should be able to understand the source of the data for the measure, the methods used to calculate the measure, and the timeframe for which the measure will be reported. In establishing performance targets, the agency should consider not only what is expected in the future, but how past performance has been.

Since the Department is not currently utilizing KPIs, they are unable to report to the community on investments versus impacts for projects. Further, the Department doesn't issue any public-facing reports, such as an annual report, where the Department would share the ongoing projects with the community. Future comprehensive plans could use KPIs from the Department to develop goals and measure their progress.

Conclusion

The Department should define and measure performance metrics to ensure its activities are achieving the goals identified in the City's comprehensive plan. By doing so, it will be able to better inform the public of the impact of its activities for citizens of Harrison.

Recommendation 3: Establish Standards for Use of Financial Incentives

Economic incentives, such as tax breaks, are a tool that municipalities can use to encourage growth and development. While the Department uses these incentives, there is no formal policy guiding usage. The Department should establish a policy guiding the use of economic development incentives to ensure incentives are transparent and achieving the intended outcomes of the City and the recipient. The policy should also ensure that the incentives are in alignment with the City's comprehensive plan.

Impact

Implementing a policy guiding the issuance and monitoring of economic development incentives will ensure that incentives are meeting the City's policies and achieving the intended outcomes of the City and the recipient.

Background

Economic development incentives are tools that can be used by municipalities to encourage private development within their jurisdiction, such as new residential property construction, a business moving into the area, or a shopping center being built in the area. These developments can help to improve the overall economy of a jurisdiction through the creation of homes, jobs, and commerce. A municipality may use a variety of tools to act as incentives such as tax reductions, infrastructure support, or workforce development.

The City utilizes Hamilton County's Tax Incentive Review Council (TIRC) to ensure that organizations entering into tax incentive agreements with municipalities are in compliance with the agreement's terms. TIRC's purpose is, according to Hamilton County, "…to designates areas as Enterprise Zones or Community Reinvestment areas and to execute agreements with certain enterprises for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones or areas in exchange for specified local tax incentives granted by the county. In addition, to review all outstanding agreements to determine whether the enterprises are in compliance in terms, and to make recommendations to the Board of County Commissioners regarding said agreements."

Methodology

We assessed the Department's practice of awarding economic development incentives and compared those to best practices.

Analysis

The Government Finance Officers Association (GFOA) states, "…jurisdictions [should] create a policy on the appropriate parameters for use of economic development incentives. An economic development incentive policy needs to be specific enough to establish clear boundaries but not overly restrictive in order to allow for flexibility and discretion to ensure that the policy serves the best interest of a jurisdiction. Furthermore, jurisdictions should also develop and adopt detailed procedures that complement the policy and provide guidance on the administrative implementation of economic development incentives."

The Department does not have a policy guiding the use of economic development incentives. The GFOA and McKinsey & Company have issued guidance on the use of economic development incentives.

According to *Establishing an Economic Development Incentive Policy* (GFOA, 2017), incentives may be used "to pursue economic goals such as tax base diversification, job creation, housing stock creation, or business retention and expansion." The GFOA notes that the use of such incentives often carry risk, which may include the misuse of public funds, the misuse of the intent of the incentive programs, and violations of laws. Due to these risks, the GFOA recommends that jurisdictions have policies to guide incentive use. Key components of incentive policies include:

- Establishing goals and objectives for economic development activities;
- Defining the type of incentives offered and limitations on their use;
- Instituting performance standards for incentive recipients with regular compliance monitoring; and,
- Having a clearly defined evaluation process for incentive use.

In *How State and Local Governments Win at Attracting Companies* (2019), McKinsey & Company recommends several actions for jurisdictions to take when offering economic development incentives. Jurisidictions should:

- Benchmark the efficiency and effectiveness of incentives against peers;
- Commit to ongoing performance monitoring and evaluation;
- Tie financial incentives to specific, measurable targets;
- Use programmatic investments to grow strategically; and,
- Use nonfinancial incentives such as workforce training programs or fast-tracked processes.

According to McKinsey & Company, "Business attraction and job creation can come at a cost, and economic-development organizations (EDOs) can also analyze how efficiently they administer their programs. The best EDOs measure incentive spending per job, capital investment, and payroll created and then see how they compare with peers."

The Department does not have an official strategy for offering financial incentives, such as credits or tax increment financing. Although the Department has conducted follow-up in the past, there is no formal performance measurement system in place for incentive recipients. While the Department does not currently meet best practices for guiding economic development incentives, officials expressed the intent to make progress in this area after the publication of this audit and the City's comprehensive plan update.

Conclusion

To ensure the City's funds are not being misused and incentives are achieving the intended outcomes of the City and the recipient, the Department should establish a policy guiding the use of economic development incentives. Additionally, the policies guiding economic development incentives should advance the goals and outcomes of the new comprehensive plan.

Staffing

To fully understand the roles and responsibilities of the Department's staff, we reviewed the Department's organizational structure, job descriptions and staffing levels for each position, and cross-training and succession planning. Our analysis identified potential areas of improvement for the Department's staffing levels and cross-training and succession planning but found that the Department's job descriptions and organizational structure are aligned with peer and best practices.

The City provided job descriptions for four positions within the Department: Director of Development, Chief Building Officer, Coordinator, and Administrative Assistant. During the course of the audit, the City updated the Director of Development job description. These job descriptions were compared to the peers' similar job descriptions to determine if there were any significant variances in responsibilities. We did not identify any significant variation between the job descriptions. Further, comparison to applicable best practices outlined within *Recruitment Guidelines for Selecting a Local Government Administrator* (International City/County Management Association, 2012) and *Internal Control Environment* (GFOA, 2022), found that the Department's job descriptions met best practices.

The Department's organizational structure was compared to peer organizational structures. There are varied methods for handling economic development functions. While some peers operate within a single department similar to Harrison, others contract services or outsource to the county, or do not conduct certain functions at all. For more information on the Department's organizational structure compared to the peers, see **Appendix C**. The Centre Region Council of Governments (COG) is a regional body of cooperative municipalities in Pennsylvania established to resolve regional pressures and problems related to economic and population growth, establish policies, and formulate plans and programs to meet regional needs. The COG has issued best practice guidance for municipal development review and permitting. The specific best practice relevant to our organizational structure analysis is having a single point of contact for applicants to work with during the review and permitting processes. Since the City consolidated departments and now has one director overseeing all economic development functions, the Department meets this best practice.

Recommendation 4: Strengthen Human Resources Management Practices

Ensuring continuity of services is an important component of a government entity. When a single individual is responsible for a critical function or employees are siloed within their job duties, it can cause disruptions if there are unforeseen absences or departures. The Department should strengthen key human resources management practices including cross-training and succession planning to avoid potential disruptions in service and better position the Department to respond effectively to staffing changes and workload demands.

Impact

Strengthening key human management resources practices, such as cross-training and succession planning, specifically for State Certified Building Inspectors, may improve the efficiency and effectiveness of Department operations. It will also help ensure the Department does not lose significant institutional knowledge, promote leadership continuity, and reduce potential costly disruptions.

Background

The Department of Development Services has four primary functions: economic development, permitting, building inspections, and code enforcement (see **Recommendation 5**). These services are delivered by the Department's staff who are led by the Director of Development.

At the start of the audit, the Department had three full-time employees, two part-time contracted employees, and a vacant director position. During the course of the audit, the Building, Zoning, and Economic Development Coordinator filled the director position, which left the coordinator position vacant. In addition, one of the contracts for the Department's Enforcement Officer positions was not renewed.

The Director of Development primarily focuses on economic development and managerial duties with some focus on Building and Zoning functions. The Chief Building Officer (CBO), who reports to the Director, is the City's only State Certified Building Inspector. When the CBO is unavailable, the City must contract out building inspections. Overseen by the CBO are the Building and Zoning Administrative Assistant and remaining Enforcement Officer.

Methodology

We compared the Department's staffing levels to those of the peer departments and compared the Department's staffing practices to cross-training and succession planning best practices.

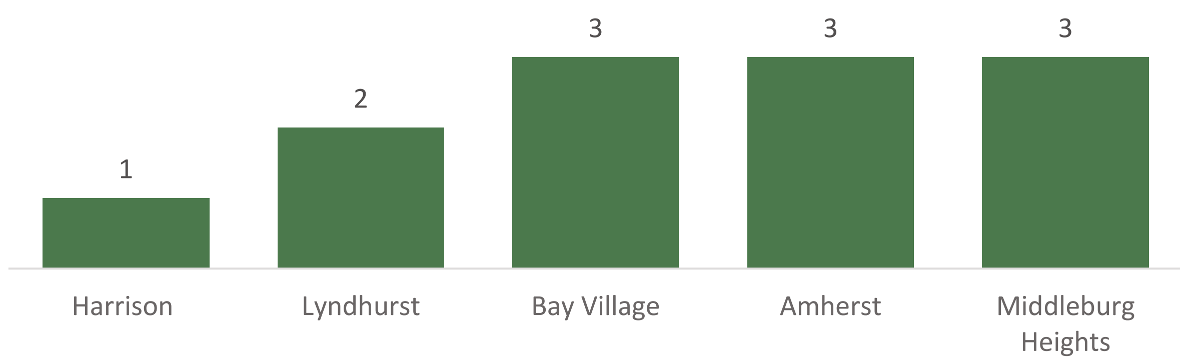
Analysis

We assessed Harrison's Department staffing levels and peer development department staffing levels to determine the levels at which each is staffed to fulfill the same four primary functions. Our staffing analysis primarily focused on the Department's inspection and enforcement positions.

Building Inspector Staffing

A building inspector verifies that work follows the approved building plans and complies with applicable building codes. To do this work, an individual must be certified with the Ohio Department of Commerce. Of the seven peer departments, four employ staff who conduct building inspections and three contract for inspections via a third-party or outsource inspections to the county.[13] The cities of Amherst, Bay Village, Lyndhurst, and Middleburg Heights were used to compare State Certified Building Inspector position totals to Harrison. As seen in the following chart, all four cities have multiple individuals that are State Certified Building Inspectors. This visual represents how many staff are equipped to conduct building inspections, some of which may be part-time. Data limitations prevented us from conducting a normalized comparison to peers. The intent of the analysis below is to compare the number of staff certified to conduct inspections.

Count of Positions Conducting Inspections



Source: City of Harrison and Peers

Although the cities of Canal Winchester and Trenton are excluded from the above comparison, these cities also contract for inspections via a third-party but due to the nature of the contracts, it is difficult to quantify how many inspectors may work with the cities. If included in the

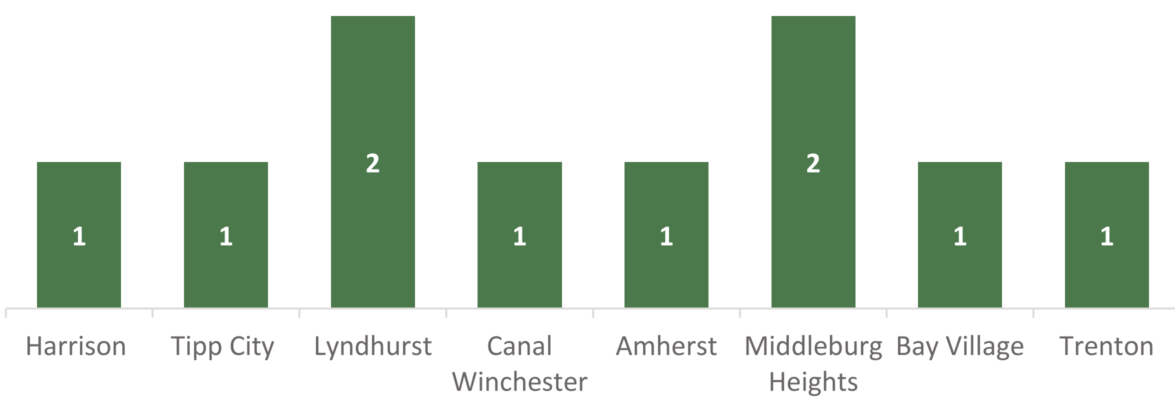
[13] The time spent conducting inspections is dependent upon the type of inspections being conducted, which may vary from city to city.

comparison, six of the seven peer cities potentially have multiple State Certified Building Inspectors, whereas Harrison only has one individual that is certified to conduct inspections.

Code Enforcement Officer Staffing

Of the seven peer departments, most have one employee who oversees code enforcement. In some cases, code enforcement is not a separate position but is merged with other job duties. As seen in the following chart, the City of Middleburg Heights is the only peer with multiple enforcement officers. The City of Lyndhurst has one part-time enforcement officer who conducts inspections alongside the Building Commissioner.

Count of Positions Conducting Enforcement



Source: City of Harrison and Peers

The extent to which a city staffs enforcement officers may be determined by the city's goals. Whether a city is proactive or reactive to code violations and how violations are handled may influence staffing levels.

Cross-Training/Succession Planning

We also compared the Department's staffing practices to GFOA best practices for cross-training and succession planning. In *Employee Cross-Training* (2020), the GFOA provides case studies and recommends that organizations cross-train to "reduce the risk that comes from having only a single person in the organization capable of completing critical tasks." In *Internal Control Environment* (2022), the GFOA recommends that government entities cross-train staff and support the development of succession planning.

Since the CBO is the City's only State Certified Building Inspector, inspections must be contracted out if that individual is unavailable to conduct the work. This expense could be alleviated if the City cross-trained employees within this key function and have an additional existing employee become a State Certified Building Inspector. By cross-training employees, the Department can begin the process of succession planning and should consider this for multiple positions. By not meeting these best practices related to cross-training, the Department has an elevated risk for loss of key institutional knowledge and an ability to continue completing critical tasks.

The Department should consider increasing personnel dedicated to building inspections. Options include, but are not limited to, contracting with State Certified Building Inspectors via independent contractors or a third-party organization, hiring part-time or full-time inspectors, and/or cross-training staff to become certified under the Ohio Board of Building Standards.

Conclusion

The Department should evaluate and consider increasing resources in its functional areas to ensure adequate coverage and sustain service delivery expectations. Further, the Department should develop and formally implement a structured succession planning program to ensure continuity of operations and reduce risk associated with retirements and turnover. In addition, expanding cross-training initiatives across positions within the City's departments will improve operational flexibility and ensure critical functions can be maintained during staffing shortages or transitions.

Operations

A city is responsible for determining the flow of operations within each of its departments. How a city makes these determinations can be impacted by the city's goals, services provided, and the level at which services are provided.

Recommendation 5: Consider Implementing Targeted Process Modifications in Identified Operational Areas

The Department performs multiple functions including economic development, permitting, building inspections, and code enforcement. Each of these activities require step-by-step processes. After reviewing the Department's internal processes and comparing them to those of the peer cities, we found certain areas of differentiation that could allow for overall improvement. Some of the peer cities appear to utilize more efficient or standardized operational approaches when completing these functions. Areas for improvement include streamlining decision-making authority, allowing for collaborative and concurrent reviews, and enhanced data tracking. The Department should review its internal processes and consider implementing modifications to improve overall efficiency and effectiveness.

Impact

Adopting or refining certain process steps may improve workflow efficiency, data collection, consistency in service delivery, and overall departmental effectiveness.

Background

Harrison merged its economic development, building, and zoning functions into one department during 2016 and 2017. The merged functions had previously been under two departments and were overseen by a Director of Economic Development and Director of Building, respectively. Prior to and since the restructure, the City's population has grown significantly with an increase of nearly 37 percent from 2010 to 2024. The Department has four primary functions: economic development, permitting, inspections, and enforcement.

Methodology

We interviewed Department staff to understand the Department's internal operations including planning and permit applications, inspections, zoning enforcement, and staff assignments and responsibilities. We then interviewed peer cities' departments to determine differences that may exist in the flow of operations. Harrison's permitting practices were also compared to best practices outlined by the Ohio Board of Building Standards. Lastly, we developed flow charts to identify potential areas of improvement within the Department's flow of operations across its four primary functions.

Analysis

The Department's current organizational arrangement as a single entity overseeing primary functions is a structure utilized by multiple peer cities. Some peers have alternative structures that provide the same services. Operationally, the processes within each of the four functions were found to be generally consistent with the peers. However, our analysis did identify some process variations between Harrison and the peers. We also found that some variances exist due to departmental structure differences.

Economic Development

The flow of operations within the Department's economic development function revolves around the planning application approval process. As seen in the flow chart, after the Department receives an application, the application undergoes an initial review process by various City departments. After the initial review, the applications are sent to the Planning Commission and may also be sent to City Council or the BZA.[14] Planning applications are then approved or denied.

Of the Department's four functions, we identified the most process variances within economic development. For example, at Harrison, planning applications are sent to the City's various departments for review based on the nature of the application. Peer cities have different methods of review including utilizing software to allow for collaborative and simultaneous review of applications.[15] Another city sends out all applications for simultaneous review. The department director then compiles the reviews and sends comments back to the applicant. Other

[14] Planned Unit Developments are sent to City Council, while appeals for denied applications are sent to the BZA.
[15] During the course of the audit, the Department shared that their current software allows for collaborative and simultaneous review of applications.

cities provide feedback to applicants via the planning and zoning departments or planning commission.

Another process variation involves planning commission review. Harrison sends all planning applications to the Planning Commission, regardless of the nature of the application. One peer allows new family homes to be approved administratively, and another allows any project under 50,000 square feet to be approved administratively. Another peer also allows building alterations or additions that are less than 10 percent of the total square footage to be approved administratively.

Lastly, Harrison requires planned unit development applications to be sent to City Council for review. At one of the peer cities, the council confirms planning commission actions on new builds, mixed use developments, and BZA actions on some matters.

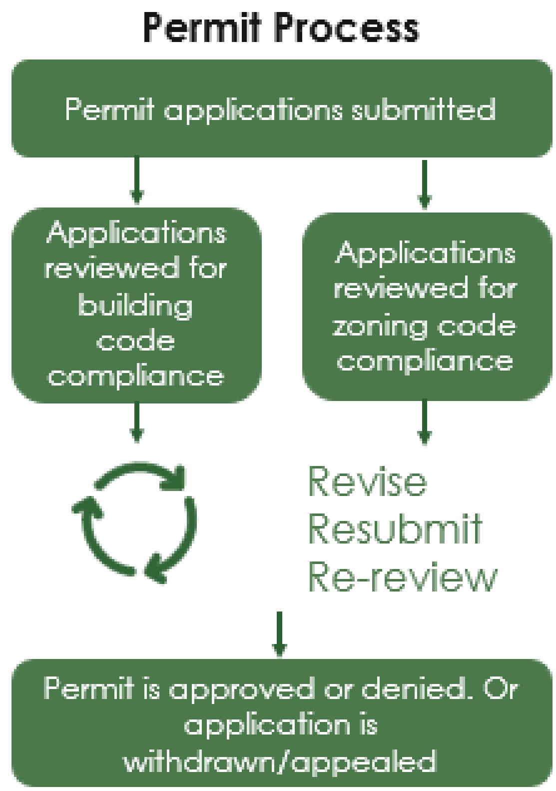
Of the variances that were identified between the Department and the peers, we found four potential efficiency-increasing opportunities that the department should consider within its economic development function:

- Utilizing software that allows for collaborative and simultaneous review of development plans;
- projects under a certain square footage being approved administratively without need of the planning commission;
- new family homes being approved administratively without need of the planning commission; and,
- alterations or additions to buildings less than a certain percentage of the total square footage being approved administratively without need of the planning commission.

During the course of the audit, the Department began utilizing its permit software to allow for collaborative and simultaneous review of development plans. This has allowed the Department to increase its efficiency and mitigate any negative slack time involved in the planning review process. The remaining variances identified above would further increase the efficiency and effectiveness of the Department by allowing smaller economic development projects to move quicker through the administrative process.

Permitting

The flow of operations within the Department's permitting function revolves around the permit application approval process. As seen in the following flow chart, after the Department receives a permit application, the application undergoes an initial review process to determine building code and zoning code compliance. If necessary, revisions are made, and the application reenters the review process for approval or denial.



Interviews with the peers reflected two process variances. First, within Harrison, permit application appeals are sent to the Hamilton County Court of Appeals while one of the peers requires applications to be appealed directly to the Ohio Board of Building Standards. Second, Harrison's Chief Building Official is responsible for determining permit application compliance with building code and zoning code while one of the peers processes zoning permits at the city level and building permits at the county level.

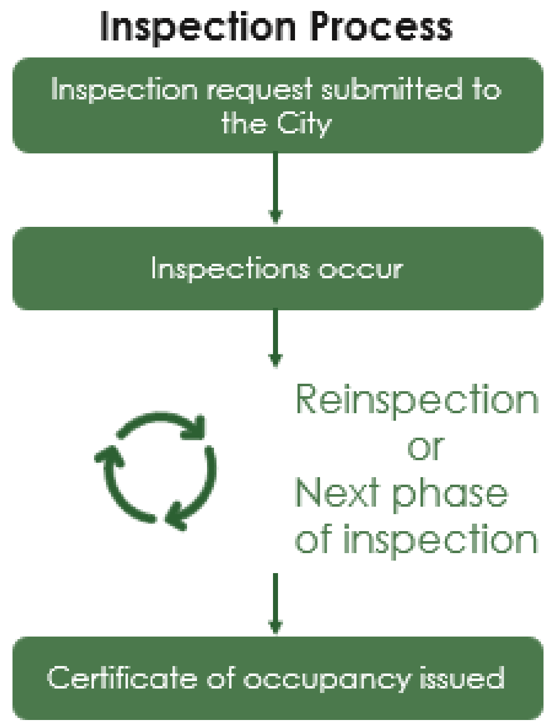
While these two variances were identified within this core function of the Department, these differences were not determined to increase the Department's efficiency. These changes would potentially require structural changes within the Department that may not be to the benefit of the Department, the City, or its citizens.

The Ohio Board of Building Standards issues state-level building codes. In 2019, the Board of Building Standards issued a flow chart for building department processes. We compared the Department's permitting process to the Board of Building Standard's flow chart and found that the Department generally adheres to the recommended process and that there would not be efficiency gains related to the Board of Building Standard's flow chart.

Inspections

As seen in the flow chart, within the Department's inspection function, inspection requests are first submitted to the City. An inspection then occurs, at which point the inspector will either pass or fail the inspection. If the inspection fails, a reinspection will be required for the project to move to the next phase. If there is not a next phase or inspection, and all prior inspections have passed, a certificate of occupancy is issued.

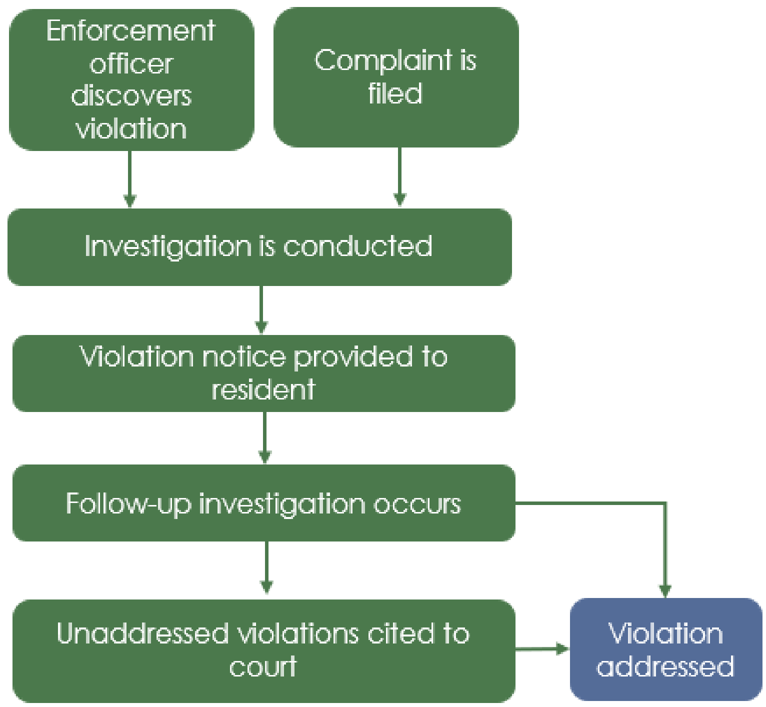
Interviews with the peers reflected one process variance. The Department logs inspection comments and results directly into a software, whereas one peer first utilizes carbon tickets and then adds comments into a tracking software. This peer process was determined to not be an opportunity for an efficiency gain within the Department. Based on peer comparison, Harrison is conducting inspections in an efficient manner.



Enforcement

As seen in the following flow chart, the Department's enforcement function begins with either the Enforcement Officer discovering a violation or a complaint being filed. After a violation notice is provided, the resident either fixes the violation or is cited to the court.

Enforcement Process



Interviews with the peers reflected process variances, primarily related to recording violations. Within Harrison, complaints are first written on paper and then investigated.[16] One of the peers uses a paper form to file complaints and others generally enter complaints into a software system prior to investigation. Other variances were related to notices provided to the violators and the enforcement of the ordinances. The Department makes contact with violators and provides a first notice of noncompliance. At one of the peer cities, the Zoning Administrator uses either standard or customized language for notices. Lastly, Harrison's Enforcement Officer checks for code violations when not investigating complaints, but one of the peers divides the city into quadrants and checks one quadrant per month for violations.

Within this core function, we identified three potential opportunities for improved efficiency: creating a formal paper form for in-person property maintenance complaints, entering all complaint data into the permitting software from the first instance of complaint, and utilizing standardized language for violation notices. Having a formal paper form for in-person property maintenance complaints will standardize the process of complaints and make data collection easier for the administrative assistant. Entering all information for a property maintenance complaint at the time of the complaint, rather than waiting to confirm that there is a property violation, will allow the Department to track complaints over time and track any patterns that

[16] When complaints are made via phone call or walk in, Department staff first make note of the complaint in written form. Complaints are only entered into CloudPermit if determined to be a violation, otherwise the complaint is discarded and not recorded in the system.

may form from the complaints. Finally, having standardized language for violation notices will streamline the notification process for the Department and allow the Department to focus more on its other processes and functions.

Conclusion

Our analysis found that variances exist between the Department and similar peer departments within each of the four functions. The City has the opportunity to consider these variances and make operational changes to service delivery within the Department that could improve its overall operational efficiency and effectiveness and better align with the Department's goals. Identified variances include concurrent application reviews and a multi-tiered review process that allows planning officials to approve less complex applications without involving the Planning Commission.

Fees

Zoning ordinances are in place to determine what types of structures may be built in specific areas. These codes not only regulate the type of structure, but also their use. One of the purposes of zoning codes is to ensure that housing value isn't negatively affected by neighboring structures and operations. For example, zoning laws will ensure that industrial zones are a safe distance from residential zones. Municipalities often charge fees associated with development on land that help to enforce relevant zoning laws. These fees are set by the municipality and can vary significantly.

Recommendation 6: Adopt Best Practices for Zoning Fee Structures

Cities typically charge fees to recover the cost of providing services. The Department should follow best practices when setting building and zoning fees, which means accounting for the full cost of these services, both direct and indirect. None of the peer cities surveyed set their building and zoning fees to fully recover these costs. The City should decide how much it wants to subsidize these fees to encourage development, while still recovering all or part of its costs. Once the City sets that policy, the Department should create a standard, written process for reviewing and updating fees on a regular schedule.

Impact

Adopting and implementing best practices on zoning fee structures and schedules will allow the Department to better understand its permit review cost recovery and, through regular process review, increase the likelihood of retaining cost recovery over time as the City's economic development priorities shift.

Background

The City's fee schedules are adopted within the City Ordinance and are therefore authorized by City Council. The Department's involvement in the establishment of fees includes making fee revision recommendations to City Council. The CBO, alongside the Building, Zoning, and Economic Development Coordinator, is responsible for planning, directing, and coordinating permit applications, as well as reviewing and enforcing ordinances. The CBO is the City's only employee certified to conduct building and zoning reviews. The Department's administrative assistant is responsible for processing building and zoning permit fees.

Methodology

We interviewed City and Department officials to understand the City's fee structures and schedules. We reviewed the City's building and zoning fee schedules and the most recent fee schedule revision and compared them to local peer fee schedules for specific types of permits. Since some local peers use Hamilton County's fee schedule, we also interviewed County officials to understand the fee structures and schedules of those peers. Lastly, we compared Harrison's practices to best practices on the use of charges and fees and the cost of permit review.

Analysis

The City has made recent changes to its permitting process and fee schedule. During 2025, the City began using new software for online permitting. However, between 25 and 50 percent of the City's permit applications are still submitted on paper. In June 2024, the City's fee schedule was revised. These updated fees were used in the comparisons below.

Peer Comparison

The Department has flat rate zoning fees and flat rate and valuation-based building fees. The local peers use several different formulas for calculating building and zoning fees. Most zoning fees are flat rate, but some building and zoning fees are square footage based. Two of the peers use Hamilton County's building fee schedule, and another peer bases updates on Hamilton County's schedule.

Although there are multiple types of permits that can be obtained in the City, we analyzed the most common permits and associated fee schedules. We compared residential addition, residential fence, HVAC, deck (120 square feet), shed (200 square feet) permanent commercial ground sign, and new house (2,500 square feet, $400,000 valuation) fees.

As shown below, Harrison falls below the peer average, but within the peer range, for all fee schedules except for the house permit fee, as seen in the following chart. The comparison found that the City's house permit fee was higher than all but two of the entities.

City of Harrison and Peers Fee Comparison Scenarios[17]

Scenario	Harrison	Peer Avg	Peer Low	Peer High
Residential Addition Zoning Fees	$190.90	$377.47	$100.00	$585.70
Residential Fence Permit	$50.00	$83.03	$100.00	$179.55
HVAC Combined	$175.00	$210.27	$100.00	$312.74
Deck - 120 sq ft	$280.00	$326.96	$25.00	$687.59
Shed - 200 sq ft	$75.00	$156.51	$50.00	$318.01
Commercial Ground Signs, Permanent	$233.90	$308.35	$105.00	$505.74
House - 2500 sq ft/400k Valuation	$4,550.00	$1,206.34	$805.00	$2,044.46

Source: City of Harrison and peers

Note: Harrison's fees reflect changes made in July of 2024. Specifically, the fee schedule increased the zoning fee on new one to three bedroom residential homes from $75 to $800 and increased the valuation-based building fee by approximately 0.65 percent.

Each of the cities have varied fee structures and schedules. Some cities may have different economic development priorities and rely on other types of permits to generate revenue. While Harrison's higher new house zoning permit fees may result in increased revenue in the short-term, without policies in place to regularly review fee structures and schedules, the City is at risk of losing future revenue as the number of new houses, and thus new house permit fees, subsides over time.

Best Practices Comparison

In *Establishing Government Charges and Fees* (2014), the GFOA recommends using charges and fees as a method of financing governmental goods and services. According to the GFOA, municipalities should:

- Consider applicable laws and statutes before the implementation of specific fees and charges;
- Adopt formal policies regarding charges and fees;
- Calculate the full cost of providing a service in order to provide a basis for setting the charge or fee;

[17] The City's new fee formula calculates permit costs by multiplying "finished area" by $1.50, while peer jurisdictions' area-based formulas use "gross area" instead. As a result, the fees shown in the table may be slightly higher than the actual amount.

- Review and update charges and fees periodically based on factors such as the impact on inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates;
- Utilize long-term forecasting in ensuring that charges and fees anticipate future costs in providing the service; and,
- Provide information on charges and fees to the public.

In *Navigating Permit Fees: Guidance on Cost Recovery* (2023), the Washington Department of Commerce issued best practice guidance for municipalities on navigating zoning permit costs. While this guidance was developed for the State of Washington, Washington and Ohio similarly define how localities may structure fees. A key focus of the guidance is permit cost recovery. According to the report, "Jurisdictions can only judge the reasonableness and sufficiency of their fees if they understand the true cost." Factored into the "true cost" are direct costs, such as time spent by personnel conducting permit review, and indirect costs, such as leased space and software subscriptions. This combination of costs creates the true cost for an hour of permit review work, which the report refers to as the Permit Review Rate (PRR).

The report also acknowledges that while jurisdictions must understand the PRR to fully recover costs, it is not critical for all jurisdictions to recover all costs. "Whereas enterprise fund departments must prioritize cost recovery to fund department operations, general fund planning departments do not necessarily have a specific mandate to recover all permit review costs and may choose to recovery less than 100 percent of total review costs." The PRR is a useful metric for any fee structure, but there are varied methods by which municipalities can structure fees with the PRR.

- Flat Fee System: The average time required to conduct permit review is multiplied by the PRR;
- Hourly Review Fee: Actual hours are billed at the PRR;
- Hybrid: A flat fee is deposited for the base level of project work, but additional hourly charges are based on the actual review time and permit complexity.

According to the report, jurisdictions may also consider adjusting fees based on the Consumer Price Index (CPI) or cost of living or departmental salary adjustments. This practice is used by Hamilton County, which indicated that they regularly update their fee schedules based on CPI for the Midwest.

Based on our analysis, the Department could implement best practice guidance for setting zoning fees, including analyzing the fee schedule and project timelines to calculate a PRR, developing written policies and procedures for cost recovery, implementing a standard process for reviewing and updating fees, and tracking permit review time per project. As the Department does not currently take these steps, there may be difficulty in determining the extent to which the current fee schedule recovers costs and in gauging the extent to which fees should be adjusted over time. While City Council is responsible for fee adjustments, the Department can adopt these best practices and make recommendations to City Council on fee updates.

Conclusion

The Department's and peers' zoning fee structures and schedules vary and reflect differences in service demand, staffing levels, cost recovery goals, and administrative models. The Department's fees are generally in alignment with the peers' but may not fully reflect current service costs or desired cost-recovery levels. The Department has the opportunity to adopt and implement best practices around fee structures and schedules which include tracking permit review time per project to calculate a PRR, adopting financial policies and procedures documenting and guiding cost recovery, and creating a standard process for transparently reviewing and updating fees over time. Ultimately, it is up to the City to decide what share of costs should be recovered through fees versus subsidized by the general fund.

Client Response

Audit standards and AOS policy allow clients to provide a written response to an audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. The City was provided an advanced copy of the report to review and provided no suggested revisions. While the City agreed with the audit findings and indicated its intent to implement the recommendations, officials opted to forgo the opportunity to submit a written response for inclusion in the report.

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the City with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Staffing & Organization Structure	
Are the Department's staffing levels and organizational structure appropriate in comparison to peers, industry best practices, and/or the demand for services?	**R.4**
Flow of Operations	

Is the Department's service delivery model and internal processes appropriate in comparison to peers and/or best practices?	**R.5**
Management Practices	
How do the Department's policies, procedures, and planning or management efforts compare to peers and/or best practices?	**R.1, R.2, R.3**
Zoning Fee Comparison	
Is the Department's current zoning fee schedule appropriate compared to peers and/or industry best practices?	**R.6**

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:[18]

- Control environment
    - We considered the City's oversight related to the responsibilities of the Department.
    - We considered the Department's oversight of its staff.
- Risk Assessment
    - We considered the City's and Department's activities to assess fraud risks.
- Information and Communication
    - We considered the Department's use of quality information in relation to permitting data.
- Control Activities
    - We considered the Department's compliance with applicable laws and contracts.

Internal control deficiencies relevant to audit objectives were not identified during the course of this audit.

[18] We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G.

Audit Methodology

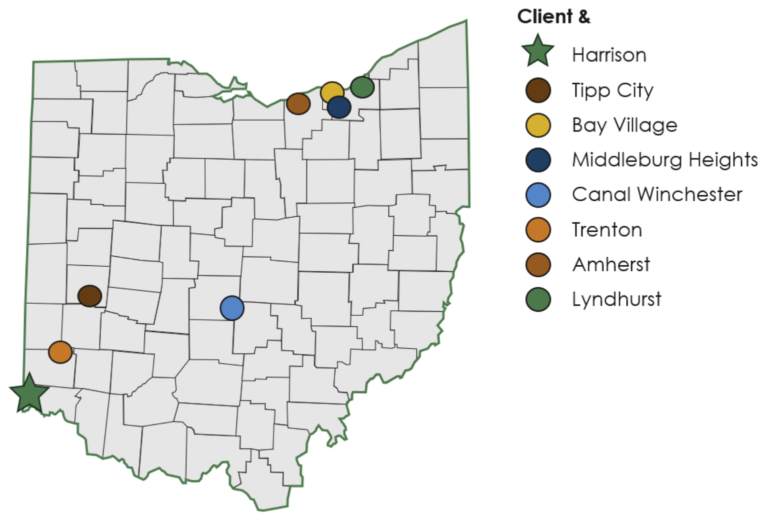
To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the Department's operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer Cities;
- Industry Standards;
- Leading Practices;
- Statues; and,
- Policies and Procedures.

Peer Cities

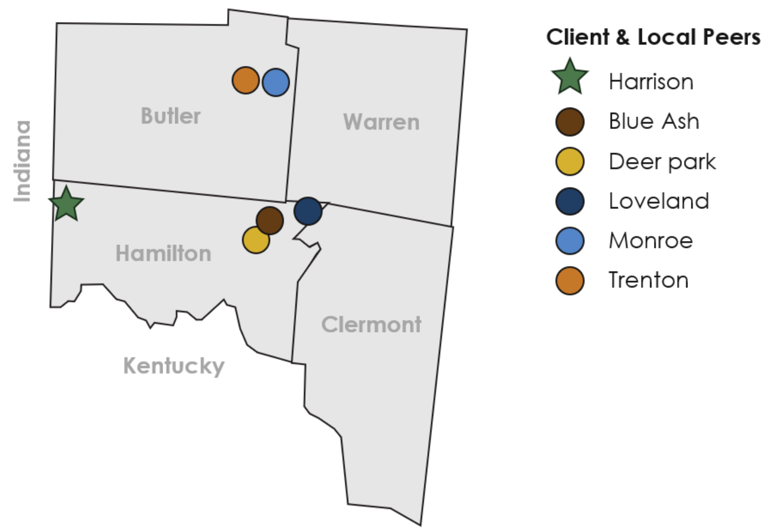
Primary Peers

- Amherst, Ohio
- Bay Village, Ohio
- Lyndhurst, Ohio
- Middleburg Heights, Ohio
- Trenton, Ohio
- Tipp City, Ohio
- Canal Winchester, Ohio



Local Peers

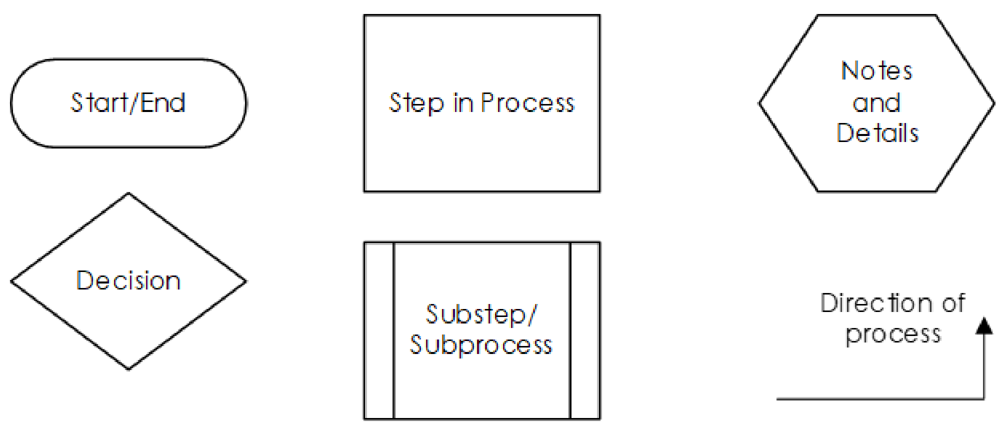
- Blue Ash, Ohio
- Deer Park, Ohio
- Loveland, Ohio
- Monroe, Ohio
- Trenton, Ohio



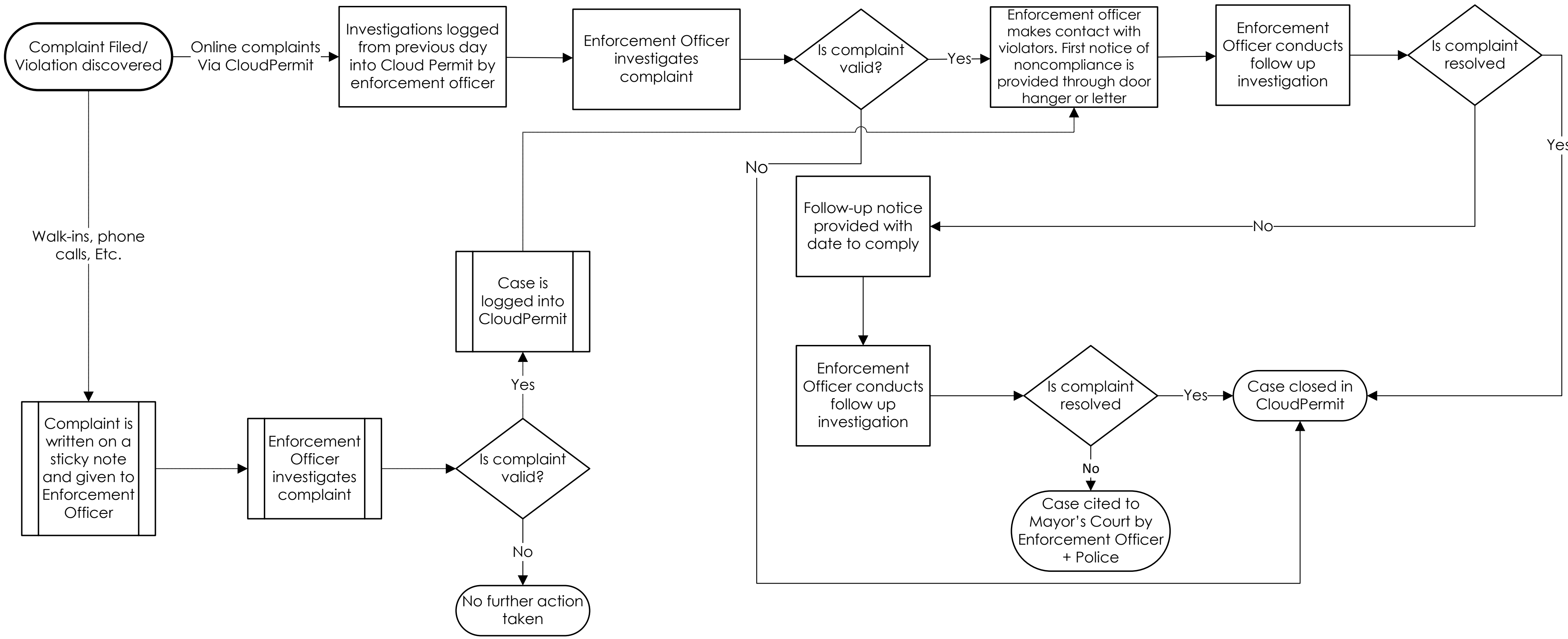
Appendix B: Department Flow Charts

To document the Department's existing operations, we developed flow charts capturing its four core functions: enforcement, inspections, permitting, and economic development. These flow charts reflect the steps, decisions, and processes gathered directly from interviews and discussions with Department staff. Each flow chart walks through the end-to-end process for its respective function, illustrating how work moves through the Department from initiation to completion. Where applicable, key decision points are identified to provide a clear picture of how the Department currently operates. The flow charts are intended to serve as a reference tool for understanding the Department's baseline processes and can be used to support future process improvement efforts (see **Recommendation 5**).

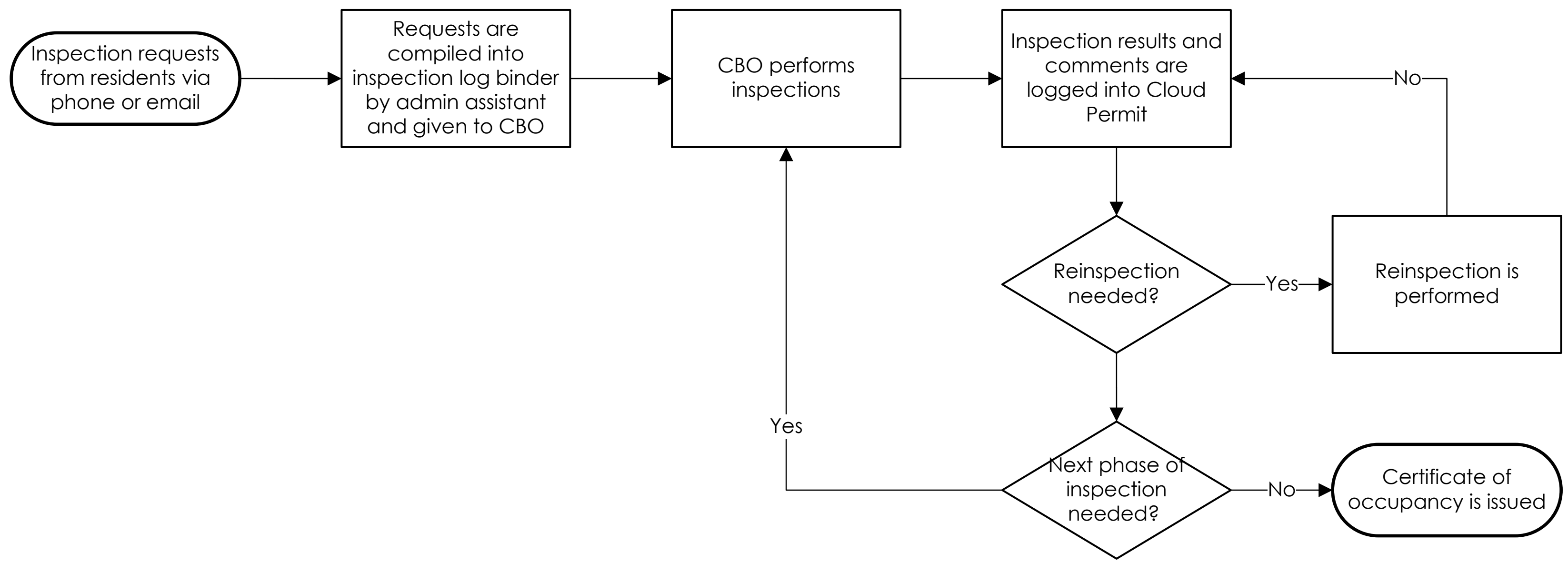
Flow Chart Key



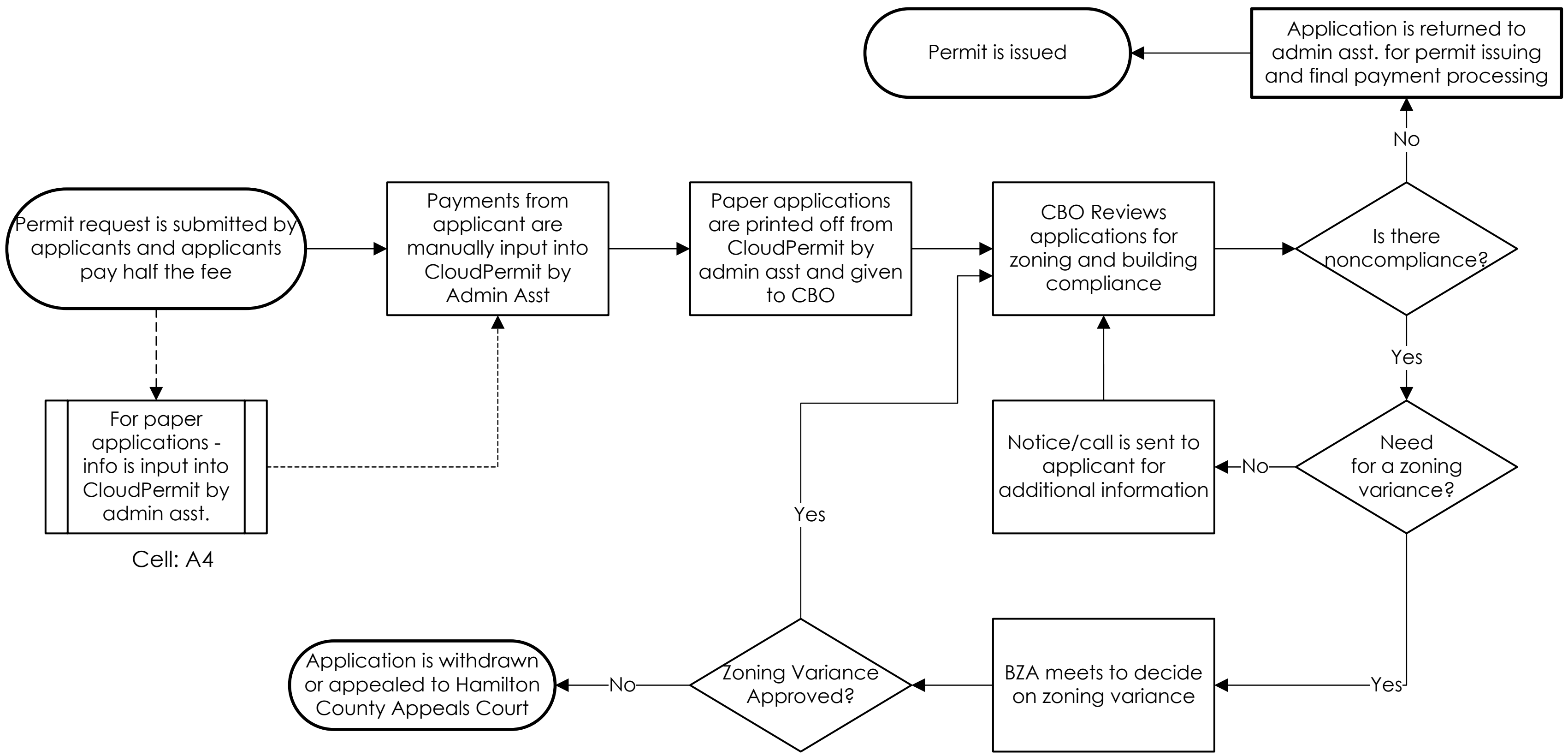
Enforcement Process



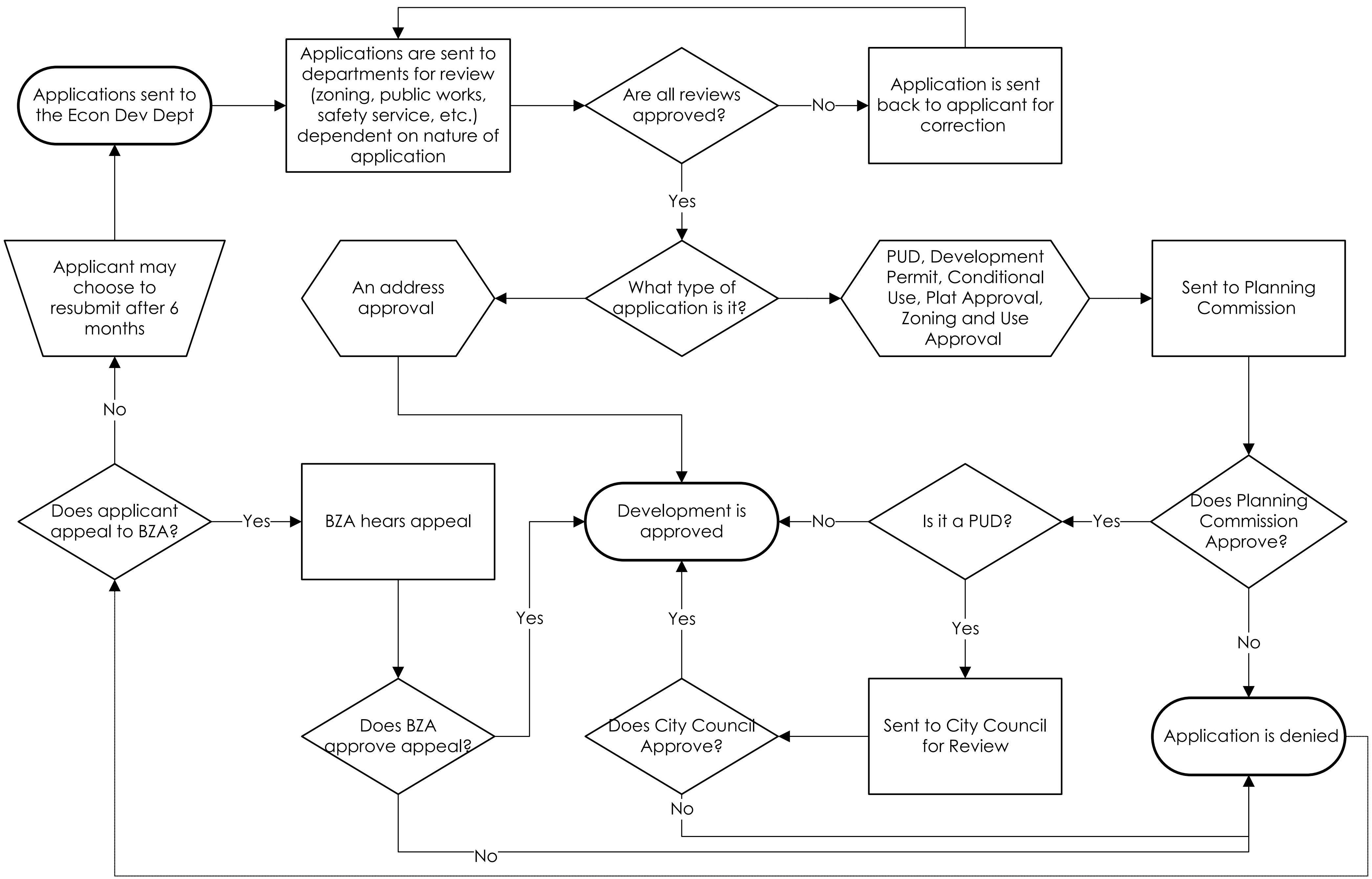
Inspection Process



Permit Process



Economic Development Process



Appendix C: Staffing

The Department serves four main functions: economic development, permitting, inspections, and code enforcement. The City delivers these services under a single department which is headed by the Director of Developmental Services (formally, Director of Economic Development, Building and Zoning). Not counting the Director, these core functions are carried out by four positions within the Department: Building and Zoning Administrative Assistant, Chief Building Official and Zoning Administrator, Property Maintenance, and Building, Zoning, and Economic Development Coordinator.

We compared the organizational structure and the services provided by the Department to the peer cities. Generally, we found that cities are organized to handle economic development, building, and zoning in a way that best suits the needs of the respective city. These differences, which are shown below, include not having an economic development department, outsourcing certain aspects of the respective departments to private third-parties, or outsourcing building functions to the county. Due to the nature of these core functions being a policy driven decision made by each city for each city's respective needs and varying significantly from city to city, we did not form a recommendation directly related to the organizational structure of the Department. The three peer cities that do not have an economic development department either do not perform economic development activities within a specific department or perform economic development activities within the mayor's office.

						No Econ Dev Department		
Positions	**Harrison**	**Tipp City**	**Canal Winchester**	**Trenton**	**Middleburg Heights**	**Amherst**	**Lyndhurst**	**Bay Village**
Development Director	Director of Development Services	Community Development Director	Development Director	Assistant City Manager	Economic Development Director			
Admin Asst/Secretary	Building and Zoning Administrative Assistant	Administrative Assistant	Administrative Assistant	Planning & Zoning Asst.	Administrative Assistant	Administrative Assistant	Secretary	Assistant to Director
Zoning Admin		City Planner/ Zoning Administrator	Planning and Zoning Administrator	Planning Administrator	Administrative Assistant			Assistant to Director
Building Official	Chief Building Official and Zoning Administrator	(County)	Contracted Chief Building Official	Contracted Chief Building Official	Building Commissioner	Building Official	Building Commissioner	Building Director
Inspector/ Enforcement	Property Maintenance	(County)	Code Enforcement Officer	Contracted Inspectors	Building Inspector (2)	Contracted Building Inspector II	Housing Inspector	Building Inspector (2)
Inspector/ Enforcement	Sign Enforcement*	(County)	Contracted Inspectors		Housing Inspector (2)	Contracted Building Inspector III	Building Inspector	Property Maintenance Officer
Misc.	Building, Zoning, and Economic Development Coordinator				Administrative Assistant		Programs Coordinator	

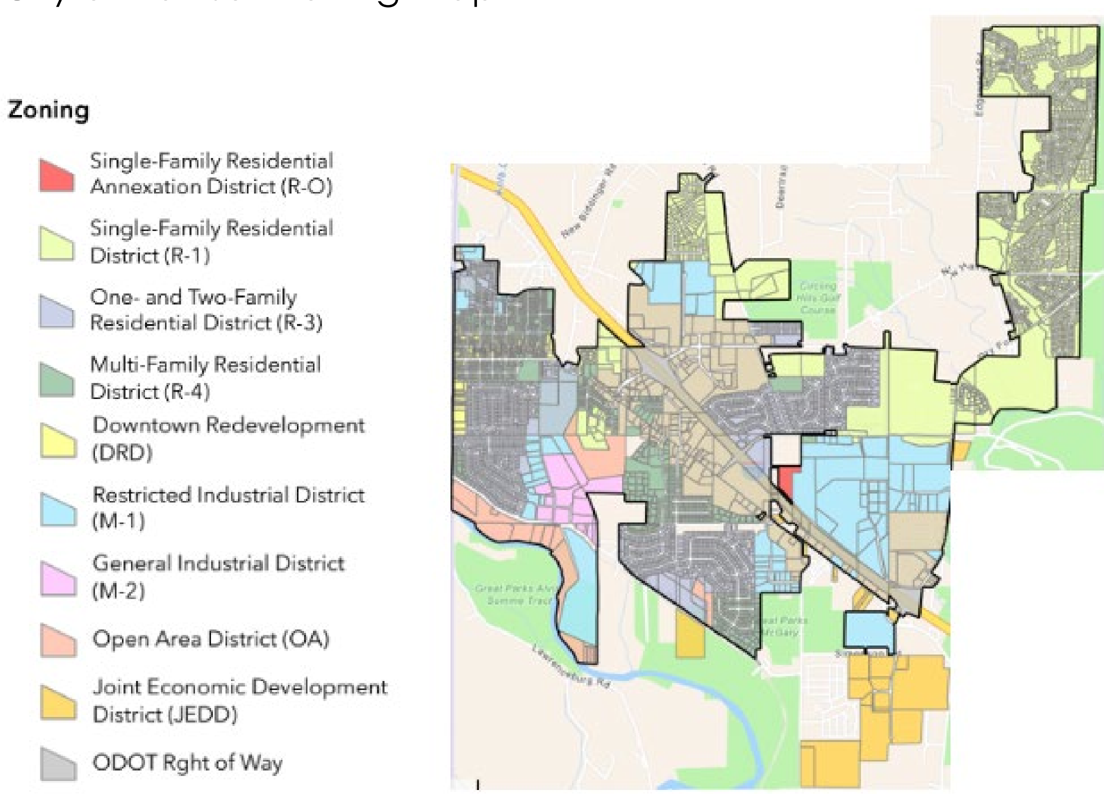
Contracted Positions / *No longer a position

Appendix D: Zoning

In accordance with the authority granted by the Ohio Revised Code and the City Charter, Harrison's zoning ordinance regulates the location, use, height, bulk, and placement of buildings and structures throughout the community. These regulations are intended to encourage the most appropriate use of land, foster well-balanced development, protect property values, and reduce or resolve conflicts of interest.

Through zoning regulations, a city divides land into different districts or "zones," each with specific permitted land uses and development standards. The City's zoning districts include residential, business, industrial, open space, and planned development classifications, each serving a specific purpose. Zoning is a critical tool used by cities to guide growth and promote orderly development within the community. Harrison is divided into a series of zoning districts as illustrated below with the most current zoning map provided by the City.[19]

City of Harrison Zoning Map



Source: City of Harrison

[19] For detail on the permitted uses and conditional uses of each zoning district, see Harrison Codified Ordinances Chapter 1143.

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF HARRISON

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/21/2026