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Auditor of State

CITY OF LAKEWOOD
PHASE 2
PERFORMANCE AUDIT

NOVEMBER 25, 2008



Mary Taylor, CPA
Auditor of State

To the Residents, Mayor, and Council Members of the City of Lakewood:

The City of Lakewood (or the City) engaged the Auditor of State's Office (AOS) to conduct a performance audit in two phases. This first phase was released on March 27, 2008. Subsequently, AOS has concluded the second phase of the performance audit, which includes reviews of healthcare, performance measurement, public works, police, housing and building, and fire.

The performance audit contains recommendations which identify the potential for cost savings and operational improvements. While the recommendations contained in the audit report are resources intended to assist in improving operations, the City is encouraged to assess overall operations and develop additional alternatives.

An executive summary has been prepared which includes the project history; City overview; the scope, objectives and methodology for the performance audit; noteworthy accomplishments; assessments not yielding recommendations; recommendations; and a summary of financial implications. This report has been provided to the City, and its contents discussed with the appropriate elected officials and administrators. The City has been encouraged to use the results of the performance audit as a resource in efforts to further improve its overall operations and service delivery.

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

Sincerely,

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 25, 2008

Executive Summary

Project History

In January 2008, the City of Lakewood (the City) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the following areas: financial management, healthcare and performance measurement, Police, Building and Housing, Fire, and Public Works Department operations. However, because municipalities are required to adopt an annual budget by April 1 (ORC § 5705.38), the City requested that AOS conduct the audit in two phases, with phase one focusing on financial management (see **City of Lakewood performance audit - Phase One**) and phase two focusing on the remaining areas and departments. This report represents the phase two portion of the performance audit. The performance audit was designed to review and analyze the selected operational areas in relation to peer cities, industry benchmarks, and leading or recommended practices.

City Overview

The City of Lakewood is located in Cuyahoga County and covers approximately 6.7 square miles (includes water and land area). According to the United States Census Bureau, the City's population was 52,194 in 2006. The City's median family income was \$40,537, compared to the national average of \$41,994. In addition, 8.9 percent of persons lived below the poverty line, compared to the national average of 12.4 percent. Lastly, 87.7 percent of area residents had at least a high school education while 35.9 percent of the residents had a bachelors degree or greater.

The City is governed by the laws of the State of Ohio and its own charter that provides for a mayor-council form of government. The City's Chief Executive and Administrative Officer is the Mayor who is elected to a four-year term and serves in a full-time capacity. Legislative authority is vested in a seven member council, which consists of three at-large and four ward representatives. Council members are elected to four-year terms. All members of council serve in a part-time capacity.

The City offers many general government services including police, housing and building, fire and emergency medical services, and public works. Municipal income and property taxes are the City's primary funding source, representing 64 percent of total General Fund revenue in 2007 for all funds.

Objectives

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

- **Healthcare:** includes an evaluation of Lakewood's health insurance program to identify potential strategies for cost reduction;
- **Performance Measures:** includes an analysis of the City's performance measurement system;
- **Public Works Operations:** includes a review of the organizational structure and the potential for consolidation, staffing and workload in the Parks and Public Property and Streets and Forestry Divisions, recycling program operations, and technology use.
- **Police Operations:** includes a review of the organizational structure, staffing and workload, expenditure levels, work hour requirements, number and types of calls for response, jail operations and costs, dispatch response rules and protocols, and technology use;
- **Housing and Building Operations:** includes a review of the organizational structure, staffing and workload, expenditure levels, methods for ensuring housing and building code compliance, productivity measures and process efficiencies, and technology use;
- **Fire Operations:** includes a review of the organizational structure, staffing and workload, expenditure levels, overtime use, number and types of calls for response, back-up response strategies to meet the needs of the community, equipment manning requirements, impact of pending retirements, and technology use;

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or efficiency improvements. The recommendations comprise options that Lakewood can consider in its continuing efforts to improve operational efficiency and effectiveness.

Scope and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Audit work was conducted between April 2008 and September 2008. To complete this report, the auditors conducted interviews with City personnel, and reviewed and assessed information from Lakewood, the peer cities, and other relevant sources. The City's data was deemed reliable unless otherwise noted in the report sections. Peer city data and other information used for comparison purposes was not tested for reliability, although the information was reviewed for reasonableness and applicability.

Three municipalities were used for peer comparisons throughout the performance audit. The selected peers were the City of Cleveland Heights (Cleveland Heights), the City of Euclid (Euclid) and the City of Kettering (Kettering). The peers were selected based on a variety of factors including operating practices, demographic information, location, organization structure and discussions with officials at Lakewood. Furthermore, external organizations and sources were used to provide comparative information and benchmarks. They included the State Employment Relations Board (SERB), the Federal Bureau of Investigation (FBI), the Annual Benchmark City Survey, the International Association of Chiefs of Police, the Government Finance Officers Association (GFOA), the National Fire Protection Association (NFPA), the Cuyahoga County Fire Chief's Association, the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), and the Ohio Public Works Commission (OPWC).

The performance audit process involved significant information sharing with the City, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the City of key issues affecting selected areas and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the City was solicited and considered when assessing the selected areas and framing recommendations. Finally, the City was invited to provide written comments in response to various recommendations for inclusion in this report. These comments were taken into consideration during the reporting process and, where warranted, resulted in report modifications.

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

Noteworthy Accomplishments

This section of the executive summary highlights specific City accomplishments identified throughout the course of the audit.

- **Recycling Rate:** Lakewood's Refuse and Recycling Division provides once-per-week service to residents for the collection of household refuse and recyclable materials. In 2007, the City achieved a recycling rate of 39 percent, which was higher than the average for Cuyahoga County (27 percent) and the standard goal of the Ohio Environmental Protection Agency (25 percent). Additionally, Lakewood received an award from the Cuyahoga County Solid Waste Management District in 2006 for their efforts to promote paper recycling.

Assessments Not Yielding Recommendations

Assessments were conducted on areas which did not warrant changes and did not yield recommendations. The following presents these assessments. Each section contains additional detail.

- **Public Works Operations:** buildings and facilities, and construction staffing, and parking enforcement cost-effectiveness.
- **Police Operations:** staffing levels, jail operations, work shifts, and select collective bargaining provisions; and
- **Fire Operations:** select collective bargaining provisions.

Conclusions and Key Recommendations

The performance audit contains several recommendations pertaining to the City of Lakewood. The following are the key recommendations from the report:

In the area of Health Benefits and Performance Measures, the City should:

- Negotiate to require all employees receiving health benefits to contribute 13 percent towards the monthly health care premiums. The City should also consider negotiating to establish the Super Med Plus B plan (Plus B) as the base preferred provider organization (PPO) plan. Employees choosing to enroll in the Super Med Plus A plan (Plus A) should be required to pay the difference in the premiums between the Plus B plan and the Plus A plan. Lastly, the City should review its requirements for employee co-insurance, prescription co-pays, average annual deductibles, and out-of-pocket maximums to identify savings that can be generated by modifying these plan provisions.

- Prioritize the full implementation of the CitiStat performance measurement program in all divisions. Doing so would provide the City with detailed information that could be used in determining the effectiveness and efficiency of each division, and help facilitate future decision-making.

In the area of Public Works Operations, the City should:

- Review the divisions that comprise the Lakewood Public Works Department (LPWD) to determine possible areas where staffing assignments can be modified without impacting overall service effectiveness. In particular, the City should consider broadening the job descriptions of the groundskeeper employees to include forestry functions and regularly using part-time and seasonal staff to fill operational needs. In addition, the City should regularly perform cost-benefit analyses of the various functions within the LPWD to ensure that the “best” approach is being used for delivering a service.
- Consider eliminating 6.0 FTEs within the groundskeeper and forestry functions by consolidating the Parks and Public Property Division (LPPD) and forestry divisions into one function, and require the remaining employees to complete both responsibilities. Additionally, the City should review its street maintenance and repair staffing levels alongside its road conditions and overall street operations, which would be aided by using performance measures and citizen surveys. Lakewood should also conduct a cost-benefit analysis to determine the “best” approach to improve its road conditions and ensure cost-effective operations, which may include contracting with private companies for additional street maintenance and repair services. Taking these actions would help the City determine whether it needs to hire additional street maintenance and repair staff, and if needed, the number of new employees to hire. If the City decides to perform the additional street maintenance and repair work in-house, it should consider hiring at least 7.0 street maintenance and repair FTEs,¹ based strictly on the peer comparisons.
- Consider alternative strategies to further improve the recycling rates and operational efficiency, including working with the Cuyahoga County Solid Waste Management District (CCSWMD) to coordinate recycling activities and programs, using low cost alternatives to educate citizens about the City’s and CCSWMD’s recycling programs, regularly measuring the performance and effectiveness of promotional activities and recycling programs, and implementing a pay as you throw program for collecting household refuse.

¹ The City may be able to address these staffing recommendations by assigning groundskeeper and forestry staff to street maintenance and repair work on a full-time basis, if Lakewood determines that it needs additional street maintenance and repair staff. However, the City should review the bargaining agreements, job descriptions, funding status (General Fund, Special Revenue Fund, grants, etc), and specific abilities of the employees to determine if changing the employee work assignments is feasible and in the City’s best interests.

- Use the technology committee to review the feasibility of purchasing an electronic work order system that could be used by all divisions within LPWD. This will help ensure that all divisions consistently track and report information that could be helpful for making decisions, estimating costs and timeframes for future projects, and scheduling routine and preventative maintenance activities.

In the area of Police Operations, the City should:

- Move forward with its plans of using a technology committee (the Committee) to review technology use on a City-wide basis. In performing the review of the Lakewood Police Department (LPD), the Committee should ensure that proposed solutions eliminate the current inefficiencies and duplications of effort.
- Consider reinstating the requirement that communication center employees be certified as emergency medical dispatchers (EMD). In considering this option, Lakewood should review the computer-aided dispatch (CAD) system capability along with its current training for dispatch staff, relative to the EMD certification. In particular, the City should determine whether the CAD system and current level of training provides dispatchers with the appropriate level of guidance for receiving and dispatching calls including emergency medical services, when compared to the EMD certification and the manual flip card process or other EMD software. Furthermore, the City should consider the potential impact on its liability and response times when reviewing these alternatives. If the LPD determines that the EMD software is preferable, it should work with the Technology Committee to determine which programs will effectively interface with existing hardware and software.

In the area of Housing and Building Operations, the City should:

- Work with its software provider and technology staff to automate the inspection and code compliance process. This would eliminate the duplication of effort that occurs under the current process, and improve LDHB's recordkeeping and overall reliability of information. Once this system is operational, the City should review the clerical staffing levels within LDHB to determine the potential for staffing reductions.
- Work to identify the funding necessary to meet the 96 hour training requirement advocated by the Building Code Effectiveness Grading Schedule (BCEGS). To lessen the financial impact on the City and the impact on LDHB's service levels, LDHB should review BCEGS's training requirements and consider completing training sessions in-house with existing staff and/or through low cost alternatives, such as self-study guides and on-line web-casts. The City should also consider implementing the use of individual development plans (IDP) within LDHB. This would help ensure that LDHB employees

are receiving appropriate training and certifications based on the mutual goals of the employee and the City.

In the area of Fire Operations the City should:

- Review the Lakewood Division of Fire's (LDF) staffing in relation to its goals and policies, and consider reducing 3.0 FTEs. However, to improve the long-term operating efficiency of LDF and potentially allow for additional staffing reductions, the City should continue requiring new firefighters to become EMS certified, when appropriate; negotiate to lower the minimum manning requirements; review the use of mutual aid as a back-up response strategy; and investigate the use of volunteers and/or possible station closures. As Lakewood reviews these and other potential operational changes, the City should consider and investigate the potential impact such changes could have on citizen safety, prior to making final decisions.
- Negotiate to eliminate the minimum manning requirements from the collective bargaining agreements to enable City administration and the Fire Chief to determine appropriate minimum staffing levels.
- Negotiate with the City of Cleveland to reach a mutual aid agreement. In negotiating the agreement, the City should consider including a cost recovery fee that could be implemented if there is a large disparity in the level of services provided by one city. Likewise, the City should consider negotiating with the Cities of North Olmstead, Westlake, Rocky River, Bay Village, and Fairview Park to update the mutual aid agreements to reflect current operations and to include the cost recovery fee provision.
- Move forward with its plans of using the technology committee to review technology use on a City-wide basis. In performing the review of LDF, the Committee should ensure that the proposed solution eliminates the need for using multiple software packages/internal databases.

Summary of Financial Implications

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

Recommendations	Estimated Annual Costs	Implementation Costs (One-time)	Estimated Annual Cost Savings
R2.1 Negotiate to require all employees to contribute 13 percent towards cost of health insurance benefits			\$324,000
R2.1 Negotiate to have the Plus B plan as the base plan and require all employees to pay the difference in premium costs if they choose Plus A plan.			\$682,000
R3.2 Consider eliminating 6.0 groundskeeper / forestry FTEs			\$316,000
R3.2 Replace full-time groundskeeper/forestry FTEs with part-time or seasonal staff			\$22,000
R3.3 Consider contracting or hiring for street maintenance and repair services	\$430,000		
R3.4 Consider eliminating 1.0 FTE traffic sign and signal employee			\$59,900
R3.8 Purchase an electronic work order system		\$495	
R4.3 Send dispatch personnel to EMD training	\$3,600		
R5.2 Purchase equipment to automate inspections		\$84,000	
R5.2 Potentially reduce clerical staffing by one position and eliminate postage costs			\$46,300
R6.1 Consider eliminating 3.0 FTE firefighters			\$181,000
R6.2 Limit overtime costs by negotiating to reduce the minimum manning requirements			\$527,000
Total Financial Implications	\$433,600	\$84,495	\$2,158,200

Source: Financial implications identified throughout this performance audit

**HEALTH BENEFITS &
PERFORMANCE MEASURES**

Health Benefits and Performance Measures

Background

This section of the performance audit focuses on the City of Lakewood's (Lakewood or the City) health insurance program and performance measurement system. The objective is to assess these areas against leading or recommended practices and industry benchmarks. Sources of leading or recommended practices and industry standards include the Kaiser Family Foundation 2007 National Survey (Kaiser survey), the State Employment Relations Board 2007 Survey (SERB survey), and *Municipal Benchmarks* (Sage Publications, 2001).

Summary of Operations

Lakewood is self-insured for healthcare purposes, which allows the City to independently manage the health insurance claims and set the monthly premiums based on actual and projected claims costs for the year. Prior to May 2008, the City contracted with a third-party administrator (TPA) to assist in managing the self-insurance program. The TPA assisted the City with various tasks, such as receiving annual bids from health insurance providers based on Lakewood's benefit plan requirements and collective bargaining agreements, performing claims review and management, and working with the City to establish the monthly premiums. The Director of Finance and the Director of Human Resources worked in conjunction with the TPA to establish the monthly premiums. Additionally, the Human Resource Department was responsible for reviewing and approving the claims reports provided by the health insurance providers while the Finance Department was responsible for paying the claims. However, in May 2008, the City discontinued the use of the TPA. The Director of Human Resources is assuming responsibility for the functions previously completed by the TPA.

The City offers medical, prescription, and dental coverage to all full-time employees. With the exception of employees in the American Federation of State, County, and Municipal Employees (AFSCME) collective bargaining unit, the City does not provide vision insurance to any employee. The City's AFSCME public works employees receive prescription, vision, dental, and life insurance through a program managed by the State chapter of the AFSCME bargaining group. Under this plan, the City pays \$204.00 per month for each public works employee to the Ohio AFSCME Care Plan Fund (AFSCME Care Plan) to cover the cost of these insurance programs. All other AFSCME employees receive vision, dental and life insurance through the AFSCME Care Plan at \$20.00 per month, but receive prescription coverage through the City. Despite the differences in plan benefits, all AFSCME employees receive health insurance coverage through plans managed by the City. Likewise, all other non-AFSCME employees receive prescription, dental and life insurance coverage through plans managed by the City.

Lakewood does not currently have a performance measurement system in place that affects all divisions. However, the City is moving in this direction through its implementation of the CitiStat program in August, 2005. The CitiStat program is designed to track service and performance information for the various divisions within the City. According to Lakewood's website, the role of CitiStat within each division is "to improve the performance and customer service of the division in an efficient and effective manner, to advocate for the division, and to demonstrate methods to show performance." As of 2007, the City had fully implemented CitiStat in nine divisions, with plans to implement CitiStat in the remaining divisions in 2008 and beyond. The City's Executive Assistant to the Mayor is responsible for overseeing the implementation of CitiStat throughout Lakewood. Prior to implementing CitiStat, the City did not formally track or use service level information for management decision-making (see **R2.3**).

Financial Data

Table 2-1 shows the trend in Lakewood's healthcare costs from 2005 to 2007.

Table 2-1: Healthcare Costs

	Lakewood 2005	Lakewood 2006	Lakewood 2007
Total Healthcare Costs	\$4,624,108	\$5,109,837	\$5,693,205
Percentage Change	N/A	10.5%	11.4%

Source: City of Lakewood.

Table 2-1 shows that the City's healthcare expenditures increased by approximately 11.0 percent in 2006 and 2007. For 2008, the City's healthcare expenditures are projected to equal approximately \$12,750 per employee. By comparison, the SERB survey shows that medical premiums only increased an average of 4.2 percent for single coverage and 4.8 percent for family coverage in 2007. Additionally, the SERB survey reports that the average healthcare expenditure per employee for cities of similar size was \$13,043. Lakewood's lower cost per employee is partially attributed to not offering vision insurance coverage to non-AFSCME employees. In addition, the City's dental insurance and AFSCME Care Plan costs are lower when compared to the SERB survey averages (see **Table 2-2**). Nevertheless, requiring higher employee cost sharing and establishing the Super Med Plus B plan as the base plan would help the City reduce its health insurance costs (see **R2.1** and **R2.2** for additional discussion).

Recommendations

Health Benefits

- R2.1 The City should negotiate to require all employees receiving health benefits to contribute 13 percent towards the monthly health care premiums. This would make the City's contribution levels comparable with the SERB survey average, but still significantly lower than the Kaiser survey average. In addition, establishing the employee contributions as a percentage of premiums, rather than a fixed dollar amount, would ensure that the contributions increase with inflation. The City should also consider negotiating to establish the Super Med Plus B plan (Plus B) as the base preferred provider organization (PPO) plan. Employees choosing to enroll in the Super Med Plus A plan (Plus A) should be required to pay the difference in the premiums between the Plus B plan and the Plus A plan.**

For healthcare coverage, all full-time City employees have a choice between two PPO plans: Plus A and Plus B. The Police and Fire, Administration, and Public Works employees also have the option to enroll in separate Health Maintenance Organization (HMO) plans offered through Kaiser Permanente. However, the collective bargaining agreements for these employee groups are structured so that the City is not required to pay any premium to an HMO plan in excess of the monthly premiums for the Plus A PPO plan. As a result, 94 percent of the employees are enrolled in the Plus A plan, 3 percent are enrolled in the Plus B plan, and the remaining 3 percent are enrolled in the HMO plans.

Table 2-2 compares the City of Lakewood's 2008 monthly health insurance premiums to the Kaiser survey and the SERB survey averages in 2007. Premium costs reported by the Kaiser and the SERB surveys have been increased for inflation, to allow for a reliable comparison to the City's premiums in 2008. Additionally, **Table 2-2** excludes the HMO plans because there is no additional cost to the City to offer these plans.

Table 2-2: Monthly Healthcare Premiums

	City of Lakewood	Kaiser Estimates	SERB Estimates
Average Annual Premiums	Med Mutual (PPO): Plus A Single: \$526.61 Family: \$1,235.05 Plus B Single: \$463.24 Family: \$1,089.83	PPO Plans Single: \$409.55 Family: \$1,100.26	PPO Plans Single: \$449.05 Family: \$1,167.95
Average Employee Contribution Towards Premiums	Plus A Single: \$50 (9.5%) ¹ Family: \$95 (7.7%) ¹ Plus B Single: \$0 Family: \$0	Single: 16% Family: 28%	Single: 12.3% ¹ Family: 13.3%
Prescription Drug Coverage Average Annual Premiums	Plus A Single: \$135.78 Family: \$257.97 Plus B Single: \$114.89 Family: \$218.28 AFSCME CARE Plan: Single and family: \$150	Not reported	Single: \$109.49 Family: \$246.45
Dental Plan Coverage Average Monthly Premiums	Non-AFSCME Employees: Single: \$26.21 Family: \$73.43 However, employee pays 50% of premiums. AFSCME Care Plan: Single and family: \$34.00	Not reported	Single: \$41.95 Family: \$86.89
Vision Plan Coverage Average Monthly Premiums	AFSCME Care Plan: Single and family: \$12.00	Not reported	Single: \$13.37 Family: \$19.49

Source: City of Lakewood, Kaiser Family Foundation 2007 Annual Survey, and SERB 2007 Annual Survey

¹ The SERB figures exclude plans where employees are not required to contribute anything towards the premium. 73.5% of employers require employees to contribute towards single coverage, 74.9% for family coverage.

The following summarizes the analysis of the benefits presented in **Table 2-2**:

- **Average Annual Premiums:** **Table 2-2** shows that with the exception of family coverage under the Plus B plan, the City's health insurance premiums are higher than the Kaiser and SERB survey averages. Despite the lower premiums in the Plus B plan, the City allows employees to enroll in the Plus A plan without contributing towards the cost difference between the two plans. As a result, 94 percent of the City's employees are enrolled in the Plus A plan because of the generous coverage levels (see **R2.2** for additional information).
- **Employee Contributions:** **Table 2-2** shows that the City requires employees enrolled in the Plus A plan to contribute \$50 towards the premium costs for single coverage and \$95 for family coverage. These rates represent 9.5 percent of the single premium and 7.7 percent of the family premium, respectively. The City does not require employees enrolled in the Plus B plan to contribute towards the cost of healthcare premiums. By comparison, the SERB survey reports that the statewide average medical contribution was approximately 12 percent for single medical coverage and 13 percent for family coverage. Furthermore, the Kaiser survey reports that the average medical contribution rates were 16 percent for single coverage and 28 percent for family coverage.
- **Prescription:** **Table 2-2** shows that the City's prescription costs under the Plus A plan are higher than the SERB survey average while the Plus B plan are comparable. In addition, the AFSCME Care Plan premium is lower than the average of the single and family premiums reported by the SERB survey (\$177.97). The higher premiums under the Plus A plan can be partially attributed to requiring lower prescription drug co-payments (see **R2.2** for additional information).
- **Dental and Vision Premiums:** **Table 2-2** shows that the City's dental and vision premiums are lower than the SERB survey averages.

Financial Implication: The City would experience an annual cost savings of approximately \$324,000 by requiring all employees to contribute 13 percent towards the cost of health insurance premiums. Additionally, the City would save approximately \$682,000 by establishing the Plus B plan as the base plan and requiring employees to pay the difference in premium costs to enroll in the Plus A plan which contains the more generous benefits.

R2.2 The City should review its requirements for employee co-insurance, prescription co-pays, average annual deductibles, and out-of-pocket maximums to identify savings that can be generated by modifying these plan provisions. The City should also consider increasing the stipend offered to employees that opt-out of the healthcare plans. Doing so may result in more employees taking advantage of this option, which would subsequently help the City further control the cost of the health insurance program.

Table 2-3 compares the City's benefit coverage levels with the Kaiser survey and the SERB survey. **Table 2-3** excludes the City's HMO plans because there are no additional costs to the City to offer these plans.

Table 2-3: Healthcare Benefits

	City of Lakewood	Kaiser Survey	SERB Survey
Co-insurance for medical coverage ¹	<p><i>In-Network:</i> Plus A: 100% after deductible Plus B: 90% after deductible</p> <p><i>Non-Network:</i> Plus A 70% after deductible Plus B: 70% after deductible</p>	<p><i>In-Network:</i> Plan pays 85-90%: 32% Plan pays 75-80%: 62% Plan pays less than 70%: 6%</p> <p><i>Non-Network:</i> Plan pays 85-90%: 1% Plan pays 75-80%: 24% Plan pays less than 70%: 75%</p> <p>Above data is for physician visits as Kaiser did not report overall co-insurance for medical coverage</p>	<p><i>In-Network:</i> Single: Plan pays 100%: 39.7% Plan pays 90-99%: 27.6% 85/15 split: 3.6% 80/20 split: 26.6% Plan pays less than 80: 2.5%</p> <p>Family: Plan pays 100%: 39.7% Plan pays 90-99%: 27.6% 85/15 split: 3.9% 80/20 split: 26.2% Plan pays less than 80: 2.5%</p>
Multi-tier drug plan co-payments ²	<p>Plus A \$5 generic \$10 brand \$15 brand w/generic available</p> <p>Plus B \$10 generic \$20 brand \$35 brand w/generic available</p>	<p>For covered workers with three or four tiers of cost sharing:</p> <p>\$11 generic \$25 preferred \$43 non-preferred \$71 fourth-tier</p>	n/a
Average Annual Deductible	<p><i>Network and Non -Network:</i> Plus A Single: \$150 Family: \$300</p> <p>Plus B Single: \$300 Family: \$600</p>	<p>PPO (In Network): Single: \$401 Family: \$1,040</p>	<p>Statewide Average In-Network: Single: No Deductible: 33.9% \$1-499: 50.1% \$500-1,099: 8.9% \$1,100 or more: 7.1%</p> <p>Family: No Deductible: 34.2% \$1-999: 49.5% \$1,000-2,199: 8.1% \$2,200 or more: 8.2%</p>
Annual Out of Pocket Maximums All Plans	<p>Network / Non-Network: Plus A Single: \$1,650 Family: \$3,300</p> <p>Plus B Single: \$2,300 Family: \$4,600</p>	<p>Single Coverage: 7%: \$999 or less: 21%: \$1,000 - \$1,499 23%: \$1,500 - \$1,999 18%: \$2,000 - \$2,499 9%: \$2,500 - \$2,999 22%: \$3,000 or greater</p> <p>Family Coverage Aggregate Maximum: 10%: \$1,999 or less 15%: \$2,000 - \$2,999 24%: \$3,000 - \$3,999 15%: \$4,000 - \$4,999 12%: \$5,000 - \$5,999 24%: \$6,000 or greater</p>	n/a

Source: City of Lakewood, Kaiser Family Foundation 2007 Annual Survey, and SERB 2007 Annual Survey

¹ Only 5% of covered workers using In-Network physicians in the 2007 Kaiser survey realize both a co-pay and co-insurance for physician visits; 79% realize only a co-pay; 12% realize only coinsurance; and 4% neither. For workers using Out-of-Network physicians, only 6% in the 2007 Kaiser survey realize both a co-pay and co-insurance for physician visits; 9% realize only a co-pay; 80 % realize coinsurance; and 5% neither.

² As reported by Kaiser, seven percent of covered workers are in a plan that has a fourth tier of cost sharing for prescription drugs. For covered workers in plans with four cost-sharing tiers, 42% face a co-payment for fourth-tier drugs and 38% face coinsurance. The average co-payment for fourth-tier drugs is \$71. The average coinsurance amount for fourth-tier drugs is 36%. Seventy-five percent of covered workers are enrolled in plans with three or four tiers of cost sharing for prescription drugs.

The following summarizes the analysis of the benefits presented in **Table 2-3**:

- **Co-insurance for Medical Coverage:** City employees enrolled in the Plus A plan do not have co-insurance requirements for in-network services once the annual deductible has been met. Additionally, City employees enrolled in the Plus B plan pay 10 percent of in-network medical costs after the annual deductible has been met. All City employees pay 30 percent for non-network services regardless of the medical plan. By comparison, the SERB survey indicates that approximately 60 percent of respondents have a co-insurance requirement, with approximately 33 percent paying more than 10 percent for in-network single and family coverage. Additionally, the Kaiser survey indicates that 68 percent of employers with co-insurance requirements require employees to pay more than 20 percent of the medical costs for in-network physician visits. The higher health insurance premiums shown in **Table 2-1** can be primarily attributed to the lack of co-insurance requirements under the Plus A plan (impacts 94 percent of employees).
- **Prescription Co-Pays:** The City's prescription co-pays in both plans are lower than the Kaiser survey averages, and much lower in the Plus A plan. This contributes towards the higher prescription premiums in the Plus A plan shown in **Table 2-2**.
- **Average Annual Deductible and Out-of-Maximums:** The City's annual deductible for both plans are lower than the Kaiser survey averages, while the City's out-of-pocket maximums for both plans fall within the mid to upper ranges in the Kaiser survey. However, the Kaiser survey reports that 31 percent of respondents established the out-of-pocket maximums for single coverage at \$2,500 or greater, which is higher than the single coverage maximum in both City plans. Similarly, the Kaiser survey reports that 36 percent of employers established the out-of-pocket maximums for family coverage at \$5,000 or greater, which is higher than the family coverage maximum in both City plans.

In addition to the benefits noted above, the City offers an annual stipend to any employee that opts-out of the health insurance program as one strategy for reducing costs. In 2008, the stipend is \$725 per employee. By comparison, the City's estimated health care cost per employee in 2008 is \$12,750, which indicates that the City realizes a substantial savings if/when an employee chooses the opt-out stipend. The SERB survey reports that 33 percent of the respondents offer a monetary incentive to employees that waive health insurance coverage. The SERB survey also reports that of these respondents, 64 percent and 78 percent provide a stipend of more than \$1,000 to opt-out of single and family coverage, respectively.

Financial Implication: The City would realize a substantial savings for every employee that opts-out of the health insurance program. However, the exact savings will depend on the new stipend amount and the number of employees that choose this option. Likewise, the potential cost savings by altering the aforementioned plan benefits will depend upon the specific changes made by Lakewood and the corresponding impact on premium costs.

Performance Measurement

R2.3 The City should prioritize the full implementation of the CitiStat program in the remaining divisions. Doing so would provide the City with detailed information that could be used in developing a formal performance measurement and benchmarking process. In the meantime, the Mayor and department heads should collaborate to develop meaningful efficiency, effectiveness, and productivity measures that can be tracked for each division through the CitiStat program (see Appendix for additional analysis and examples). Once developed, the Mayor should consider requiring each division to prepare monthly reports summarizing the performance measures in comparison to historical trends and other agreed upon benchmarks. This would assist the City in determining the effectiveness and efficiency of a division, and help facilitate future decision-making.

The City implemented the CitiStat program in August, 2005 with an overall goal of improving operational efficiency. According to the article *How Data-Driven Government can Increase Efficiency and Effectiveness* (Center for American Progress, April 2007), CitiStat is a data-driven management system designed to monitor and improve the performance of city departments in real-time. The City has been introducing the CitiStat program to the various divisions in phases since 2006 to ensure adequate training and to troubleshoot potential problems. As of 2007, the City had fully implemented CitiStat in nine divisions, with plans to implement CitiStat in the remaining divisions in 2008 and beyond.¹ Prior to implementing CitiStat, the City did not formally track or use service level information for making management decisions. While the City is using CitiStat to track and report information for the nine divisions including leave usage, hours worked per year, overtime and various service levels, the City has not begun to use this information to calculate, track, and report other types of performance measures (efficiency, effectiveness, and productivity measures) in comparison to historical trends or to established benchmarks.

According to *A Brief Guide for Performance Measurement in Local Governments* (the National Center for Public Performance at Rutgers University (NCPP), 2004) performance measurement is the vehicle that mobilizes the government's ability to

¹ Near the conclusion of the performance audit, the Finance Director indicated that the City had fully implemented the CitiStat program in all remaining divisions.

determine whether it is providing a quality product at a reasonable cost. Performance measurement accomplishes this task by measuring the productivity of a particular department, or strategy, against benchmarks. Additionally, *Municipal Benchmarks* (Sage Publications, 2001), indicates that a properly developed and administered performance measurement system can offer important support to a host of management functions, including improved accountability, planning/budgeting, operational improvement, program evaluation, allocation of resources, and management of operations and contract monitoring. *Municipal Benchmarks* goes on to state the following, which it attributes to Harry Hatry (1978): “unless you are keeping score, it is difficult to determine whether you are winning or losing. This applies to ball games, card games, and no less to government productivity. Performance measures permit governments to identify problem areas and, as corrective actions are taken, to detect the extent which improvements have occurred.” Furthermore, *Municipal Benchmarks* indicates that performance measures in local government generally may be categorized as one of four types²:

- **Workload (Output):** Indicates the amount of work performed or services received. By comparing workload measures reporting, for example, the number of applications processed by the human resources department, the number of arrests by the police department, and the number of trees planted by parks crews with the corresponding records from a previous year, a city official or citizen can see whether workload volume has changed significantly. However, while that information has value, it only reveals the amount of work completed and does not measure the effectiveness or efficiency of the department. More insight can be gained into city performance from efficiency, effectiveness, and productivity measures.
- **Efficiency:** Reflects the relationship between the work performed and the resources required to perform it. Unit costs are the most common example of efficiency measures and can be reported as total cost of a service divided by the number of units provided. Examples of unit cost ratios include fire department costs per call for service and acres of park land maintained per \$1,000 spent in the parks budget. Other forms of efficiency measures typically reflect alternative types of resource input or production relative to an efficiency standard. For example, purchase orders processed per accounting clerk, water/sewer invoices processed per staff member, and lane miles maintained per street employee are all designed to measure staffing efficiency. Efficiency measures can help city managers identify potential areas for improvement if a department/division regularly performs negatively compared to historical trends and/or other benchmarks.

² Some of the examples cited below were identified by the Auditor of State for the City’s potential use when developing its own performance measures.

- **Effectiveness (Outcome):** Depicts the degree to which performance objectives are achieved or otherwise reflect the quality of local government performance. Examples of effectiveness measures include police, fire and EMS response times, crime rates, and customer satisfaction with road maintenance and water and sewer services. Effectiveness measures show a city how well it is meeting the public purpose it is intended to fulfill.
- **Productivity:** Combines the dimensions of efficiency and effectiveness in a single indicator. For example, where meters repaired per labor hour reflects efficiency and percentage of meters repaired reflects effectiveness, unit cost per effective meter repair reflects productivity. The cost of faulty meter repairs as well as effective repairs is included in the numerator of this calculation, but only effective repairs are included in the denominator, thereby encouraging efficiency and effectiveness by meter repair personnel. Similar examples include law department costs per case successfully prosecuted and refuse costs per ton recycled.

Municipal Benchmarks also indicates that comparing the information gained from a performance measurement system with selected benchmarks is a valuable step in evaluating municipal operations. In doing so, important strengths and weaknesses may be revealed and local officials may discover aspects of the operation that deserve detailed analysis. Furthermore, by comparing their own performance marks with those of other respected cities or with relevant standards, local officials can decide where improvements are needed and may identify models that could prove helpful as they design improvements. In addition to other cities, the following sources publish information that the City could use to benchmark against: International City/County Management Association (code enforcement, facilities management, fleet maintenance, fire and EMS services, highways and road maintenance, housing, human resources, information technology, libraries, parks and recreation, police services, purchasing, refuse and recycling, risk management, and streets); *Municipal Benchmarks* (police, fire, fleet maintenance, city attorney, courts, city clerk, finance, water, sewer, engineering, etc.); Ohio Environmental Protection Agency (water, sewer, refuse and recycling); National Fire Protection Association (fire); Government Finance Officers Association (finance); the Ohio Supreme Court Annual Court Summary (municipal court, Clerk of Court); and Federal Bureau of Investigation (police operations). Lastly, specific benchmarks and performance ratios are included in each of the respective sections of this audit.

According to the article *How Data-Driven Government can Increase Efficiency and Effectiveness* (Center for American Progress, April 2007), the City of Baltimore (Maryland) implemented CitiStat in 2000 to track performance measures/indicators in each department. Measures/indicators include response times for pothole abatement, trash collections, snow removal, departmental service levels, public complaints, and

prevalence of problems (e.g., illegal dumping, vacant housing, and sewage overflows). The managers of each department were required to report to City Hall every two weeks to present their data and answer questions from the Mayor. The article goes on to indicate that through improved information and revised management strategies, the city has dramatically improved customer satisfaction, employee attendance, overall crime rates and response times for critical services. Furthermore, the Mayor estimated that the performance measurement system implemented with CitiStat has saved the City of Baltimore \$350 million since its inception. Similarly, *A Brief Guide for Performance Measurement in Local Governments* (NCCP, 2004) includes a few examples of cities that benefited from performance measurement. One of these examples showcased the city of Sunnyvale (California) which began a departmental performance measurement and benchmarking process approximately 20 years ago. In each policy area, the city defined the goals, objectives and performance indicators to use in evaluating the use of tax monies. The city also used this performance measurement/benchmarking system to reward successful managers. If a program exceeded its objectives for quality and productivity, its manager was eligible to receive a bonus of up to 10 percent. This generated pressure for improved productivity and resulted in the average cost of service declining approximately 20 percent during a five-year period. Lastly, the NCCP publication indicates that the City of Sunnyvale was using 35 to 45 percent fewer people to deliver more services than other cities of similar size and type.

Financial Implications Summary

The following table presents a summary of annual cost savings identified in this section of the report.

Table 3-4: Performance Audit Recommendations Subject to Negotiation

Recommendation	Annual Cost Savings
R2.1 The City should negotiate to require all employees pay a 13 percent contribution towards the cost of health insurance benefits.	\$324,000
R2.1 The City should negotiate to have the Plus B plan as the base plan and require all employees to pay the difference in premium costs if they choose Plus A plan.	\$682,000
Total	\$1,006,000

Source: AOS Recommendations

Appendix

During the course of this audit, the City requested that AOS review service level information and other statistics reported by each division and offer suggestions on how to improve the performance measurement process. Accordingly, AOS reviewed the formal presentations prepared by each division/department manager for the Citistat program (see **R2.3** for explanation) from July, 2008 through September, 2008. Additionally, AOS reviewed several statistical schedules prepared by the Finance Department to meet the year-end reporting requirements within the Comprehensive Annual Financial Report (CAFR). **Table 3-A** presents the results of this analysis and includes specific recommendations for improving each division's/department's performance measurement process. However, AOS limited its review to the abovementioned documents and it is possible that some of the information is already being tracked by certain divisions, but not reported through the Citistat process. The City is encouraged to review the AOS recommendations and consider other appropriate performance measures, and incorporate them into the Citistat reporting process. The principles outlined in **R2.3** would assist the City in developing meaningful performance measures as well as identifying appropriate benchmarks and external criteria to use in gauging the efficiency and effectiveness of each division/department.

Table 3-A: Performance Measurement Examples

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Building & Housing	The Building and Housing Division used the Citistat presentation to provide an update on a variety of issues. However, subsidized housing vouchers by month and year were the only service level information included in the presentation.	Information is reported over an extended period of time. However, no external benchmarks are presented.	Tracking and reporting additional information in comparison to external benchmarks and over extended periods of time (monthly, quarterly, annually) will help the City determine the overall efficiency and effectiveness of the Division. Examples of performance measures that could be used include Building and Housing Division costs per citizen, per inspection and per building permit; number of inspections and permits issued per FTE; average response times to conduct requested inspections; cost per inspection with response time less than a defined period of time; and customer satisfaction with the inspection and building permit process.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
City Council	The service levels for City Council were not reported through the Citistat process during the course of this audit. However, the City does report the number of ordinances and resolutions passed over a ten-year period in the CAFR.	Information is reported over an extended period of time. However, no external benchmarks are presented.	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the City Council. The average amount of time to approve legislative matters could be an example of one performance measure.
Engineering	The Engineering Division used the Citistat presentation to provide an update on a variety of issues. However, service levels, performance measures, and benchmark criteria were not included in the presentation.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Division. Examples of performance measures that could be used include Engineering Division costs per citizen and per \$1,000,000 in construction projects managed; number of construction plan designs developed and/or reviewed per FTE, FTEs per \$1,000,000 in construction projects managed; and customer satisfaction with the process for making road and other infrastructure improvements.
Finance Department	The service levels for the Finance Department were not reported through the Citistat process during the course of this audit. However, the Finance Department does report the number of checks/vouchers issued and interest earning over a ten-year period in the CAFR.	Information is reported over an extended period of time. However, no external benchmarks are presented.	The Finance Department reported relevant information. However, the process could be improved by using additional performance measures including Finance Department costs per citizen, per check/voucher processed, and per payroll transaction/W-2 issued; FTEs per 1,000 citizens, per check/voucher, and per payroll transaction/W-2; average time to process a purchase order; average time to close each month and year in the accounting system; and the number and types of payroll errors that occur during the year. Additionally, comparing the above information to relevant external benchmarks and for extended periods of time will help the City determine the overall efficiency and effectiveness of the Department.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Fire	The Fire Division used the Citistat presentation to report total fire calls, responses, injuries, fatalities and losses by type, medical responses by type, overtime, and narratives on current projects and the status of various fire Division initiatives.	None reported	The Fire Division reported relevant information. However, the performance measurement process could be improved by using additional performance measures including Fire Division costs per citizen and per call for service; FTEs per 1,000 citizens and calls for service per FTE; average response times; and cost per call for service with response times less than a defined period of time. Additionally, comparing the above information to relevant external benchmarks and for extended periods of time will help the City determine the overall efficiency and effectiveness of the Division.
Fleet Management	The Fleet Management Division used the Citistat presentation to report the number of mechanics on staff, the number of vehicles and equipment maintained, and the parts inventory maintained. The Fleet Management Division reported various effectiveness measures such as percent of preventive maintenance schedule implemented, number of road breakdowns, customer service issues and parts cost recovered.	Information is reported over varying periods of time. External benchmarks are used in several instances.	The Fleet Management Division reported relevant information and appropriate effectiveness measures (road breakdowns, customer service, etc). However, the performance measurement process could be enhanced by using additional performance measures including the average number of days/hours to repair a vehicle, Fleet Management Division costs per vehicle maintained, vehicles maintained per FTE, Fleet Management Division costs per preventive maintenance action performed, and City employee satisfaction with the services provided by the Fleet Management Division. Additionally, comparing the above information to additional external benchmarks will help the City determine the overall efficiency and effectiveness of the Division.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Health and Human Services	The Health and Human Services Department provides a variety of services to children, youth and families. The Citistat presentation focuses primarily on explaining organizational changes within the Health Division and the effectiveness of the juvenile diversion program. The presentation reports a variety of statistics for the juvenile diversion program including number of families served, recidivism rates, and FTE staffing levels.	Number of families served and recidivism rates are reported over a six-year period. The staffing and service level information is compared to 7 other municipalities.	The Health and Human Services Department reported relevant information and used appropriate benchmarks. However, based on the limited nature of this presentation, it is difficult to determine if this information is tracked for all services within the Health and Human Services Department. Tracking similar information for all services and incorporating expenditure ratios (cost per person/family served, cost per case successfully diverted, etc) will provide the City with additional information to gauge overall efficiency and effectiveness of the Department.
Human Resources	The Human Resources Department did not report service level information through the Citistat process or through the CAFR during the course of this audit.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Human Resources function. Examples of performance measures that could be used include human resources expenditures per citizen and per City employee; total city employees supported per FTE; number of grievances filed by bargaining unit; employee health care costs, transactions and claim audits processed per FTE; and City employee satisfaction with the services provided by the Human Resources Department.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Income Tax	The Income Tax Division used the Citistat presentation to report the number of tax returns filed, number of delinquencies resolved, value of current and delinquent tax collections, number of court actions filed to enforce tax code, number of income tax payments processed and refund checks issued, and expenditure versus budget comparisons.	None reported	The Income Tax Division reported relevant information. However, the performance measurement process could be improved by using additional performance measures including Income Tax Division costs per citizen and per tax return, FTEs per 1,000 citizens and per return, Income Tax Division costs per successful court action or audit, average time to issue refunds, percentage of returns filed each year, and customer satisfaction with the process for filing income taxes. Additionally, comparing the above information to relevant external benchmarks over extended periods of time will help the City determine the overall efficiency and effectiveness of the Division.
Information Systems	The Information Systems Division used the Citistat presentation to report requests for service by department and category, percent of requests successfully resolved, time to resolve requests for service, minutes of server downtime, and expenditure versus budget comparisons.	None reported	The Information Systems Division reported relevant information and appropriate effectiveness measures (downtime, successful resolutions, time to resolve issues, etc). However, the performance measurement process could be improved by using additional performance measures including Information System Division costs per request for service and per computer maintained; requests for service and computers maintained per FTE; Information System Division costs per request for service successfully resolved; and City employee satisfaction with the services provided by the Information Systems Division. Additionally, comparing the above information to relevant external benchmarks and for extended periods of time will help the City determine the overall efficiency and effectiveness of the Division.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Law Department	The Law Department did not report service level information through the Citistat process or through the CAFR during the course of this audit.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Law Department. Examples of performance measures that could be used include Law Department expenditures per citizen, per action filed in court, and per case successfully prosecuted and/or defended; FTEs per citizen, per court action and per case successfully prosecuted and/or defended; and percentage of cases successfully prosecuted.
Mayor's Office	The Mayor's Office did not report service level information through the Citistat process or through the CAFR during the course of this audit.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Mayor's Office. Examples of performance measures that could be used include FTEs and costs per 1,000 citizens, and the average amount of time to respond to citizen inquiries.
Municipal Court	The Municipal Court did not report service level information through the Citistat process or through the CAFR during the course of this audit.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Municipal Court. Examples of performance measures that could be used include Municipal Court expenditures per citizen served and per court filing; civil and criminal court filings per FTE; civil and criminal court fees collected per FTE; collection rates of court ordered fines and fees; average time to process court cases by type; and percentage of backlogged cases.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Parks	The Parks Division used the Citistat presentation to report requests for service by source and category, percent of requests successfully resolved, time to resolve requests for service, and expenditure versus budget comparisons.	Information is reported over varying periods of time (monthly and quarterly) to help overall progress. However, no external benchmarks are used.	The Parks Division reported relevant information and appropriate effectiveness measures (successful resolutions of requests for service and time to resolve requests for service). However, the performance measurement process could be improved by using additional performance measures including Parks Division costs per request for service and acre maintained; requests for service and acres maintained per FTE; and Parks Division costs per request for service successfully resolved within a defined period of time. Additionally, comparing the above information to external benchmarks will also help the City determine the overall efficiency and effectiveness of the Division.
Planning & Development	The Planning and Development Division used the Citistat presentation to provide an update on a variety of issues. However, service levels, performance measures, and benchmark criteria were not included in the presentation.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall effectiveness and efficiency of the Division. Examples of performance measures that could be used include Planning and Development Division costs per zoning application and per citizen; zoning and other applications processed per FTE; income/property tax revenue generated through economic development activities per citizen and per FTE; number of jobs created through economic development activities per FTE and per 1,000 residents; and amount spent per citizen on homes successfully rehabilitated and/or purchased by a resident of Lakewood.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Police	The Police Division used the Citistat presentation to report response times by type of call for service, crimes reported by type, arrests by type, an overtime comparison for the last two years, and expenditure versus budget comparisons.	Information is reported over extended periods of time to help gauge overall progress. However, no external benchmarks are used.	The Police Division reported relevant information. However, the process could be improved by using additional performance measures including Police Division costs per call for service and per citizen, FTEs per 1,000 citizens, calls for service per FTE, and cost per call for service with response time less than a defined period of time. Additionally, comparing the above information to relevant external benchmarks will help the City determine the overall efficiency and effectiveness of the Division.
Refuse & Recycling	The Refuse and Recycling Division used the Citistat presentation to provide an update on a variety of issues. However, service levels, performance measures, and benchmark criteria were not included in the presentation.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Division. Examples of performance measures that could be used include Refuse and Recycling Division costs per citizen, per ton of waste collected and per ton of material recycled; tons of waste and recyclable materials collected per FTE; recycling rates; average response times to address customer complaints and to complete routes; and customer satisfaction with the solid waste disposal and recycling programs.
Streets and Forestry	The Streets and Forestry Division used the Citistat presentation to provide an update on a variety of issues. However, service levels, performance measures, and benchmark criteria were not included in the presentation.	None reported	Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall efficiency and effectiveness of the Division. Examples of performance measures that could be used include Street and Forestry Division costs per citizen and per lane mile; lane miles maintained per FTE and tons of salt dispensed per FTE; average response times to repair potholes and other reported issues; and customer satisfaction with the snow removal and road maintenance function.

Department/Division	Information Tracked & Reported	Benchmarking Criteria	Conclusion
Water and Wastewater Collection	<p>The Water and Wastewater Collection Division provides water to all residents of the City and ensures the free flow of sanitary and storm sewers. The Citistat presentation focuses primarily on explaining the responsibilities of the Water distribution, metering and administrative functions. The presentation reports a variety of statistics including the miles of water mains and line valves, and the number of fire hydrants and water meters throughout the City.</p>	None reported	<p>Tracking and reporting service levels and performance measures in comparison to external benchmarks and over extended periods of time will help the City determine the overall effectiveness and efficiency of the Division. Examples of performance measures that could be used include Water Division costs per citizen, per household, and per gallon of water consumed; Water Division FTEs per citizen, per household, and per gallon of water consumed; water invoices processed per FTE; number of water samples that met EPA standards during the year and cost per sample that met EPA standards; average response times to address customer complaints and broken water lines; and customer satisfaction with the water distribution and invoicing process. Although not addressed in the Citistat presentation, similar ratios could be developed to evaluate the Wastewater functions.</p>

Department of Public Works

Background

This section of the performance audit focuses on the City of Lakewood's (Lakewood or the City) Public Works Department (LPWD). The objective is to assess LPWD's organizational structure and practices against leading or recommended practices, industry benchmarks, and selected peer cities.¹ Sources of leading or recommended practices and industry standards include the Government Finance Officers Association (GFOA) and the Ohio Public Works Commission (OPWC).

Organization Structure

LPWD consists of the following eight divisions:

- **Parks and Public Property:** The Lakewood Parks and Public Property Division (LPPD) is responsible for the maintenance and upkeep of all publicly-owned properties, including publicly-owned buildings, Lakewood's 75 acres of park property, and an additional 75 acres of green space. LPPD is comprised of the following sub-divisions: Construction, Groundskeeping, Security, Buildings and Facilities, and Communications.² LPPD currently consists of 26.2 full-time equivalent employees (FTEs) and is funded by the General Fund.
- **Streets and Forestry:** The Division of Streets and Forestry is comprised of the following sub-divisions: Streets Maintenance and Repair, Traffic Signs and Signals, Forestry, and Parking Enforcement.³ There are currently 25.0 FTEs employed in the Division of Streets and Forestry. The Division is funded by the Streets Maintenance and Repair Fund (Streets Maintenance and Repair), the General Fund (Traffic Signs and Signals and Forestry), and the Parking Fund (Parking Enforcement).
- **Refuse and Recycling:** The City of Lakewood's Division of Refuse and Recycling provides once-per-week service to residents for the collection of household refuse, bulk items, recyclable materials, and yard waste. The Division of Refuse and Recycling employs 45.0 FTEs and is funded by the General Fund.

¹ See the **executive summary** for a list of the peer cities and an explanation of selection methodology.

² The City transferred the communications function from the Public Works Department to the Information Systems Division during the course of this performance audit.

³ The City transferred the parking enforcement function from the Public Works Department to the Police Division during the course of this performance audit.

- **Fleet Management:** The Division of Fleet Management maintains and repairs all motor vehicles and equipment owned or leased by the City. In addition, the Division of Fleet Management oversees all underground fuel storage sites. The Division of Fleet Management is comprised of 9.0 FTEs that are funded by the General Fund.
- **Engineering:** The Division of Engineering is responsible for overseeing all capital improvements of public infrastructure and City facilities. There are currently 5.0 FTEs staffed in the Division of Engineering, however, this does not include the vacant City Engineer position. In addition, the Public Works Director indicated that the City is in the process of hiring a part-time Municipal Consulting Engineer. The Division of Engineering is funded by the General Fund.
- **Water and Wastewater Collection:** The City of Lakewood owns and operates its water distribution system and wastewater collection system. Lakewood's Water and Wastewater Collection Division (LWCD) is responsible for the repair and maintenance of all water and sewer system components within the public right-of-way. The Division of Water and Wastewater Collection is comprised of four separate sub-divisions: Metering, Water Administration, Water Distribution, and Wastewater Collections. There are approximately 33 FTEs in the Water and Wastewater Collection Division that are funded through user charges and accounted for in the Water Fund and the Wastewater Collection Fund.
- **Wastewater Treatment:** The Division of Wastewater Treatment is responsible for treating all waste streams conveyed to it and disposal of all subsequent stabilized byproducts. This Division consists of 24.0 FTEs and is partially funded by user charges and accounted for in the Wastewater Treatment Fund.
- **Winterhurst Ice Rink:** Winterhurst Ice Rink (Ice Rink) is a recreational and educational facility that offers a wide variety of ice sports and leisure activities. There are currently 12.0 FTEs employed at the Winterhurst Ice Rink. The City of Lakewood has a separate fund (Winterhurst Fund) that supports the Ice Rink.
- **Administration:** The Lakewood Administration Division is responsible for the administrative control and supervision of the eight divisions that comprise LPWD. In 2007, the Lakewood Administration Division consisted of a Public Works Director, a Public Works Program Coordinator, a Customer Service Representative, and an Administrative Assistant, for a total of 4.0 FTEs. However, the City eliminated the positions of administrative assistant and program coordinator through layoffs in 2008 to help address the current financial difficulties.

In total, the LPWD is comprised of approximately 181 FTEs. The majority of LPWD employees are covered under the American Federation of State, County and Municipal Employees, AFL-

CIO (AFSCME Public Works) bargaining agreement or the American Federation of State, County and Municipal Employees, AFL-CIO Administrative Employees Chapter (AFSCME Administrative) bargaining agreements. The AFSCME Public Works agreement runs through December 31, 2009, while the AFSCME Administrative agreement expired on December 31, 2007. The City of Lakewood was negotiating with the AFSCME Administrative employees during the course of the performance audit.

Assessments Not Yielding a Recommendation

In addition to the analyses presented in this section, assessments that did not result in recommendations or warrant changes include the following:

- **Buildings and Facilities, and Construction Staffing:** Lakewood's Parks and Public Property Division includes the subdivisions of Buildings and Facilities, and Construction. The Buildings and Facilities staff is responsible for cleaning and maintaining the City Hall and Police Buildings. There are a total of 4.0 FTEs within the Building and Facilities subdivision. The Construction staff is responsible for maintaining all other City-owned buildings and properties, and consists of 4.0 FTEs. The City's total staffing for the Buildings and Facilities and Construction subdivisions (8.0 FTEs) equals 0.15 on a per 1,000 citizen basis, which is lower than each of the peers.
- **Parking Enforcement Cost-Effectiveness:** The City has 3.0 parking enforcement FTEs that are responsible for providing safe and well-maintained parking areas and facilities for prospective shoppers at Lakewood businesses. In addition, they are responsible for the enforcement and removal of unauthorized signage on public thoroughfares, issuing parking tickets, collecting money from parking meters, and maintaining the City's parking meters. Although the City does not actively monitor the direct expenditures associated with parking enforcement, the function appears to be self-sufficient. For example, the City collected approximately \$249,000 in parking meter and enforcement revenues in 2007 while the expenditures were estimated to be approximately \$185,000. Actively monitoring the expenditures would help Lakewood ensure that parking enforcement maintains self-sufficiency in the future.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. Lakewood's Refuse and Recycling Division provides once-per-week service to residents for the collection of household refuse and recyclable materials. In 2007, the City collected 13,482 tons of recyclable materials and 20,943 of disposed refuse materials, which resulted in a recycling rate of 39 percent. By comparison, the Cuyahoga County Solid Waste Management District (CCSWMD) reports that the average for Cuyahoga County was approximately 27 percent. According to the Ohio EPA, the standard goal is for entities to achieve at least a 25 percent

reduction/recycling rate for residential and commercial waste. Lastly, Lakewood received an award from CCSWMD in 2006 for Lakewood's efforts to promote paper recycling, which generated approximately \$79,000 in revenue for the City. Although the City is achieving favorable recycling rates compared to the Ohio EPA and other municipalities in Cuyahoga County, **R3.7** provides additional strategies the City should consider to further improve recycling rates and overall operational efficiency.

Recommendations

Organizational Structure

R3.1 The City should review the divisions that comprise the LPWD to determine possible areas where staffing assignments can be modified without impacting overall service effectiveness. In particular, the City should consider broadening the job descriptions of the groundskeeper employees to include forestry functions and regularly using part-time and seasonal staff to fill operational needs (see R3.2). In addition, the City should regularly perform cost-benefit analyses of the various functions within the LPWD to ensure that the “best” approach is being used for delivering a service. Cost-benefit analyses would also ensure that all relevant factors are considered prior to making a decision.

Table 3-1 compares the organizational structure and staffing levels for the divisions within LPWD to the peers.

Table 3-1: Public Works Department FTE Staffing Levels

Divisions	Lakewood 2007		Lakewood 2008		Cleveland Heights		Euclid		Kettering		Peer Average	
	FTEs	Per 1,000 citizens	FTEs	Per 1,000 citizens	FTEs	Per 1,000 citizens	FTEs	Per 1,000 citizens	FTEs	Per 1,000 citizens	FTEs	Per 1,000 citizens
Parks and Public Property	29.96	0.57	26.15	0.50	28.00	0.59	37.50	0.77	141.75	2.59	69.08	1.32
Streets and Forestry	28.63	0.55	25.00	0.48	28.50	0.61	33.50	0.69	46.40	0.85	36.13	0.71
Fleet Management	10.00	0.19	9.00	0.17	10.00	0.21	13.00	0.27	10.00	0.18	11.00	0.22
Water and Wastewater Collection	34.19	0.66	33.19	0.64	24.00	0.51	0.00	0.00	0.00	0.00	8.00	0.17
Wastewater Treatment	23.00	0.44	24.00	0.46	0.00	0.00	45.00	0.92	0.00	0.00	15.00	0.31
Refuse and Recycling ¹	45.00	0.86	45.00	0.86	30.00	0.64	0.00	0.00	0.00	0.00	10.00	0.21
Engineering	6.00	0.11	5.00	0.10	0.00	0.00	3.00	0.06	23.10	0.42	8.70	0.16
Winterhurst Ice Rink ²	12.05	0.23	12.01	0.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration	4.00	0.08	2.00	0.04	5.00	0.11	1.5	0.03	0.00	0.00	2.17	0.05
Total Employees	192.83	3.69	181.35	3.47	125.50	2.66	133.50	2.74	221.25	4.05	160.08	3.15

Source: Lakewood and peers' organizational chart and staffing rosters

¹ The City's staffing levels within the Refuse and Recycling Division declined to 43 during the course of this performance audit.

² The City outsourced the operations of Winterhurst Ice Rink during the course of this performance audit.

As shown in **Table 3-1**, LPWD eliminated approximately 11.5 FTEs (six percent) in 2008. In addition, **Table 3-1** shows that although LPWD's organizational structure is similar to the peers (many divisions within the public works department), LPWD's total staffing level per 1,000 citizens is higher than two of the peers. The higher staffing levels are partially attributed to differences in how the City completes the functions within the LPWD. A summary description and analysis of the divisions shown in **Table 3-1** include the following:

- **Parks and Public Property:** While all of the peer entities have a parks division, there are some differences in the organizational structure of LPPD compared to the peers. For instance, Kettering and Euclid do not include the Parks and Recreation Division within the Public Works Department. Rather, the Parks and Recreation Division is its own separate department. Furthermore, Kettering and Cleveland Heights use part-time and seasonal staff to assist in completing the parks maintenance function while the LPPD only uses full-time staff. See **R3.2** for an additional assessment of LPPD staffing levels.
- **Streets and Forestry:** In contrast to Lakewood, Kettering and Euclid do not dedicate employees specifically to the forestry function. Rather, Kettering and Euclid have cross-trained their park employees to handle all forestry work in addition to their normal responsibilities. Similar to Lakewood, Cleveland Heights is responsible for parking enforcement. Conversely, Kettering and Euclid do not have any parking meters within city limits. Lastly, while Lakewood's Traffic Signs and Signals staff is a part of the Streets and Forestry Division, the peers operate this function from separate divisions. See **R3.2** for an analysis of Lakewood's groundskeeper and forestry staffing levels, **R3.3** for an analysis of the street maintenance and repair staffing levels, **R3.4** for an analysis of the traffic signs and signals staffing levels, and *Assessments not Yielding a Recommendation* for a discussion of the parking enforcement function.
- **Fleet Management:** Lakewood's Fleet Management Division (LFMD) is comparable to the peers, with no significant differences in functions or organizational structure.
- **Water and Wastewater Collection:** Similar to Lakewood, Cleveland Heights is responsible for both the water and wastewater collection services. In contrast, Kettering contracts with Montgomery and/or Greene County for water and wastewater collection services while Euclid contracts with the City of Cleveland for water services. Additionally, Euclid's Streets and Sewer Department is responsible for the maintenance of storm water and wastewater collection.

- **Wastewater Treatment:** Euclid is the only peer entity that, like Lakewood, operates a wastewater treatment division. In contrast, Cleveland Heights contracts with the Northeast Ohio Regional Sewer District for treatment of sewage, while Kettering contracts with Montgomery and/or Greene County for wastewater treatment services.
- **Refuse and Recycling:** Similar to Lakewood, Cleveland Heights uses municipal employees to operate a refuse and recycling program. However, Kettering and Euclid subcontract with their respective trash collectors to provide curbside recycling to residents. See **R3.7** for more information on the Lakewood Refuse and Recycling Division (LRRD).
- **Engineering:** All of the peers operate a similar engineering division as Lakewood with the exception of Cleveland Heights, which outsources the management of large engineering projects.
- **Winterhurst Ice Rink:** While all of the peers operate an ice rink as part of their park division, Lakewood operates its Ice Rink as a separate division within the LPWD. However, during the course of this performance audit, the Finance Director indicated that the Ice Rink's operations are going to be outsourced to a private company.
- **Administration:** Overall, the Lakewood Administration Division is structured like the peers with the exception of Kettering, which includes its administrative staff within their respective divisions rather than as a separate division.

Despite the structural differences noted above and the current financial difficulty, the City does not regularly conduct cost-benefit analyses to determine if outsourcing certain functions would be more cost-efficient. *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 1999) indicates that programs and services are the means by which a government addresses priorities established through its policies and plans. An evaluation of delivery alternatives for services and programs helps ensure that the best approach is selected for delivering a service. This publication goes on to indicate that considerations in evaluating service delivery mechanisms, whether provided by a government or contracted out, include:

- **Cost of service:** including short and long-term direct costs, costs to administer and oversee the service, impact on rates and charges, and impact on costs of other government services.
- **Service quality and control:** including safety and reliability, ability to control service levels and who receives the service, ability of the government to make

internal changes to improve its own performance, ability to change the delivery mechanism in the future, and risk of contractual non-performance and default.

- **Management issues:** including the quality of monitoring, reporting, and performance evaluation systems, public access to information, and ability to generate or sustain competition in service delivery.
- **Financial issues:** including impact on outstanding debt and grant eligibility.
- **Impact on stakeholders:** including government employees, customers, and taxpayers.
- **Statutory and regulatory issues:** including the impact on federal and state, legal and regulatory, and liability requirements.

Staffing

R3.2 The City should consider eliminating 6.0 FTEs within the groundskeeper and forestry functions. To help facilitate these reductions, the City should consolidate the Parks and Public Property Division (LPPD) and forestry divisions into one function, and require the remaining employees to complete both responsibilities. In addition, the City should review the composition of staff to determine if increased use of part-time and/or seasonal staff would allow the City to meet demand during the growing season and reduce the number of full-time personnel needed on a year-round basis. Taking these actions would more closely align Lakewood's staffing levels and practices with the peers.

The groundskeeper employees within LPPD are responsible for maintaining the City's turf and landscaped areas. In addition, the groundskeepers perform other seasonal duties, such as removing snow and salting City-owned parking lots and sidewalks, assisting the Lakewood Streets and Forestry Division (LSFD) with the Citywide leaf collection program, and repairing lawns that are damaged as a result of excavations for underground utility repairs or tree removals. In 2007, LPPD consisted of 12 groundskeepers, a Division Manager, a Unit Manager, and an Administrative Assistant, for a total of 15 FTEs. However, the City eliminated one groundskeeper position through a retirement in 2008. The City also employs 5.0 FTEs within the Forestry Division that are primarily responsible for maintaining all trees on public property, but also assist with certain street maintenance functions on a periodic basis.

Table 3-2 compares LPPD's groundskeeper and forestry staffing levels to the peers.

Table 3-2: Groundskeeper and Forestry Staffing

	Lakewood 2007	Lakewood 2008	Cleveland Heights	Euclid	Kettering	Peer Average
Groundskeeper FTEs ¹	12.0	11.0	8.0	8.0	17.5	11.2
Forestry FTEs ²	5.0	5.0	7.0	N/A ³	N/A ³	7.0
Total Combined FTEs	17.0	16.0	15.0	8.0	17.5	13.5
Number of Parks	15	15	6	3	21	10
Park Acres	150	150	135	106	419	220
Acres per FTE	8.8	9.4	9.0	13.3	23.9	15.4

Source: Lakewood and peer city organizational charts, financial audits, and interviews

¹ Lakewood's Division Manager, Unit Manager, and Administrative Assistant were excluded from the staffing totals to ensure consistency with the peers. Additionally, these employees do not complete parks maintenance activities and the City eliminated the Administrative Assistant position in 2008. Lastly, the Division Manager and Unit Manager oversee the entire LPPD, not just groundskeepers and forestry.

² Lakewood's forestry FTEs were included in the LPPD staffing level assessments, due to maintaining all trees on the City's public property.

³ Euclid and Kettering's forestry functions are performed by the groundskeepers.

Table 3-2 shows that in 2007, the City employed a total of 17 groundskeeper and forestry FTEs while the peer average was 13.5. Explanations for the higher staffing levels include the following:

- **Staffing/Organization:** **Table 3-2** shows that Lakewood and Cleveland Heights operate separate forestry divisions. In contrast, Euclid and Kettering's forestry functions are performed by the groundskeepers as part of their daily responsibilities. As a result, **Table 3-2** shows that Lakewood's groundskeeper and forestry FTEs are responsible for fewer acres per FTE than the peer average. The City would need to reduce 6.0 FTEs to achieve the peer average number of acres maintained per FTE. Additionally, although LPPD groundskeepers are cross-trained to assist the LSFDD with seasonal duties including snow removal and leaf collection, the division managers at Euclid and Kettering indicated that their groundskeepers also complete these functions on an as-needed basis.
- **Employee Status:** **Table 3-2** shows that although Lakewood has more parks (15) than two of the peers, Kettering is responsible for maintaining 21 parks with similar staffing levels (17.5 FTEs) as Lakewood. Kettering's higher acres per FTE is partially attributed to using part-time and seasonal groundskeepers to meet demand during the growing season. For example, Kettering uses 22 part-time or seasonal employees to assist the 13 full-time employees (year-round) with park maintenance during the growing season. However, because of limited hours, the 22 employees only equal a full-time equivalent of 4.5 FTEs. This practice provides Kettering with sufficient staff to meet the demand for 21 parks without incurring the additional costs of employing full-time parks employees on a year-round basis. By comparison, Lakewood employs 11 full-time groundskeepers and

5 full-time forestry FTEs on a year-round basis. Lakewood's AFSCME bargaining agreement does not prohibit the City from hiring part-time or seasonal staff. However, the AFSCME bargaining agreement does indicate "...that for a period of one year, new bargaining unit employees shall not be hired until all qualified employees on layoff status desiring to work have been recalled." The contract goes on to indicate that a "qualified" employee is any employee that can perform the work without substantial additional training. The City laid-off employees in other divisions that would be covered by this provision, which may impact LPPD's ability to hire part-time or seasonal staff over the next year.

Financial Implication: Eliminating 6.0 groundskeeper/forestry FTEs to operate with a total of 10 FTEs would save Lakewood approximately \$316,000 in salaries and benefits. This is based on the starting salary for a groundskeeping employee according to the collective bargaining agreement and the ratio of benefits to salaries in 2007. In addition, if Lakewood changed the composition of the staff to mirror Kettering's practice of using part-time staff to comprise 25 percent of the groundskeeping staff, LPPD would need approximately 8.0 full-time groundskeeper/forestry FTEs and 4 part-time staff members to achieve the peer average number of acres maintained per FTE. This assumes each of the four part-time employees equates to 0.5 FTE. By reclassifying 2.0 full-time employees to part-time status, Lakewood could save approximately \$22,000 in health insurance benefits, based on the City's historical costs.

R3.3 The City should review its street maintenance and repair staffing levels alongside its road conditions and overall street operations, which would be aided by using performance measures (see R3.5) and citizen surveys (see R3.6). Lakewood should also conduct a cost-benefit analysis to determine the "best" approach to improve its road conditions (see R3.1) and ensure cost-effective operations, which may include contracting with private companies for additional street maintenance and repair services. Taking these actions would help the City determine whether it needs to hire additional street maintenance and repair staff, and if needed, the number of new employees to hire. If the City decides to perform the additional street maintenance and repair work in-house, it should consider hiring at least 7.0 street maintenance and repair FTEs, based strictly on the peer comparisons.

R3.2 recommends reducing 6.0 groundskeeper and forestry FTEs. These positions are already cross-trained to assist with certain street maintenance duties. As a result, the City may be able to address R3.3 by using these employees to perform street maintenance and repair work on a full-time basis, if Lakewood determines that it needs additional street maintenance and repair staff (see above). However, the City should review the bargaining agreements, job descriptions, funding status (General Fund, Special Revenue Fund, grants, etc), and specific abilities of the

employees to determine if changing the employee work assignments is feasible and in the City's best interests.

LSD is responsible for the following functions: snow and ice control, road base removal and repair, leaf collection, Christmas tree collection and disposal, street sweeping, utility cuts (street repair for utility work), and pothole patching. In 2007, LSD consisted of one division manager, a unit manager, one administrative assistant, three group leaders, seven street construction/maintenance repair crew, a sidewalk inspector, and two street sweepers for a total of 16.0 FTEs. However, the City eliminated the unit manager, sidewalk inspector, and group leader position through layoffs in 2008. **Table 3-3** compares LSD's staffing levels to the peers.

Table 3-3: Street Maintenance and Repair Staffing

	Lakewood 2007	Lakewood 2008	Cleveland Heights	Euclid	Kettering	Peer Average
Total Street Maintenance and Repair Staffing Levels¹	15.0	12.0	19.0	28.5	42.2	29.9
Total Lane Miles	270	270	274	296	492	354
Lane Miles per FTE	18.0	22.5	14.4	10.4	11.7	12.2
Number of Citizens	52,194	52,194	47,097	48,717	54,666	50,160
FTEs per 1,000 Citizens	0.29	0.23	0.40	0.59	0.77	0.59

Source: Lakewood and peers' staffing rosters

¹ This ratio only includes the street maintenance and repair staff that is responsible for maintaining lane miles. Excludes the administrative assistant position and forestry FTEs.

Table 3-3 shows that in 2008, LSD's employees are maintaining approximately 10 more lane miles per FTE than the peer average. **Table 3-3** also shows that LSD's staffing levels on a per 1,000 citizen basis are significantly lower than the peer average. With the exception of major street repairs, the Public Works Director indicated that the majority of street department work is performed in-house, which is similar to the peers. LSD would need to hire 10 FTEs to achieve the peer average of 12 lane miles per FTE.

LSD does not conduct citizen surveys to gauge overall satisfaction with road maintenance (see **R3.6**). However, Ohio Revised Code § 164.06 requires each local sub-division applying to the Ohio Public Works Commission (OPWC) for grant funding to conduct a study of existing capital improvements, the condition of those improvements, and the projected capital improvement needs of the sub-division for the next five years. According to the OPWC, this study should include the condition of roads, bridges, culverts, water supply systems, wastewater systems, stormwater collection, and solid waste disposal systems. **Table 3-4** compares the condition of Lakewood's roads to the peers based on the road rating reports filed with the OPWC.

Table 3-4: Road Ratings in 2006

	Lakewood		Cleveland Heights		Euclid		Kettering		Peer Average	
	Center Lane Miles	% of Total								
Excellent	19.6	20.9%	46.0	30.3%	26.0	16.0%	137.8	56.0%	69.9	34.1%
Good	17.3	18.5%	70.0	46.1%	71.0	43.6%	36.9	15.0%	59.3	34.9%
Fair	26.8	28.6%	26.0	17.1%	52.0	31.9%	66.4	27.0%	48.1	25.3%
Poor	19.1	20.4%	10.0	6.6%	12.0	7.4%	4.9	2.0%	9.0	5.3%
Critical	10.9	11.6%	0.0	0.0%	2.0	1.2%	0.0	0.0%	0.7	0.4%
Total	93.7	100.0%	152.0	100.0%	163.0	100.0%	246.0	100.0%	187.0	100.0%

Source: Road ratings submitted to the OPWC

Table 3-4 shows that Lakewood had approximately 39 percent of its roads as “Excellent” or “Good” while the peer average was 69 percent. In addition, 32 percent of Lakewood’s roads received a “Poor” or “Critical” rating while the peer average was approximately 6 percent. Lastly, it should be noted that of the peers, Cleveland Heights had the highest number of roads rated as “Excellent” or “Good” (76 percent) while maintaining the highest lane miles per FTE (14.4). As a result, the City may not need to hire additional staff to improve the road conditions and instead could explore other strategies to improve the road conditions, including maintaining the current staffing levels and using private companies to perform additional road maintenance and repair work. Nevertheless, LSD would need to hire an additional 7.0 street maintenance and repair FTEs to achieve a similar lane miles per FTE ratio as Cleveland Heights.

The article *Staffing, Down to a Science* (Workforce Management Magazine, April, 2008) indicates that employers should base their staffing levels on some kind of formal workforce planning process that considers objective information (see **R3.5**). The article goes on to indicate that in conducting workforce planning, “...the risk of overshooting is greater than the risk of undershooting.” Although the article was specifically discussing the impact on inventory levels within a manufacturing firm from having too many employees, the concept is applicable to any organization.

Financial Implication: Contracting or hiring for additional street maintenance and repair services could cost approximately \$430,000 per year. In order to readily estimate a potential cost, this is based on hiring 7.0 street maintenance and repair FTEs, the beginning salary for a street maintenance worker, and an estimate of health and payroll benefits based on the City’s 2008 budget. Implementing this recommendation may require the City to review and revise the funding sources (General Fund or Special Revenue Fund) for the new employees.

R3.4 The City should review the staffing levels within the Traffic Signs and Signals sub-division (TSS) in conjunction with relevant performance measures (traffic signs and signals per FTE). Based on the analysis in Table 3-5, the City could consider eliminating one FTE.

TSS responsibilities include maintaining all street signs, traffic signals, and pavement striping in the City. In 2007, TSS consisted of one group leader, two signal technicians, one full-time street painter, and one part-time street painter for a total of 4.6 FTEs. However, the City eliminated the part-time position through layoff in 2008. **Table 3-5** compares TSS staffing levels to the peers.

Table 3-5: Traffic Signs and Signals Staffing

	Lakewood 2007	Lakewood 2008	Cleveland Heights	Euclid	Kettering	Peer Average
Total Traffic Signs and Signal FTEs	4.6	4.0	2.0	4.0	3.0	3.0
Lane Miles	270	270	274	296	492	354
Lane Mile per FTE	58	69	137	74	164	125
Number of Citizens	52,194	52,194	47,097	48,717	54,666	50,160
FTEs per 1,000 Citizens	0.09	0.08	0.04	0.08	0.05	0.06

Source: Lakewood and the peer cities

Table 3-5 shows that TSS employees are responsible for maintaining fewer lane miles than each of the peers. **Table 3-5** also shows that TSS staffing levels (0.08) are higher than the peer average (0.06) on a per 1,000 citizen basis. If the City eliminated 1.0 FTE, the FTEs per citizen would be in line with the peer average. However, the lane miles per FTE would equal 90, which would still be lower than the peer average. Reviewing additional performance measures, such as traffic signs and signals per FTE, would provide the City with additional information to use in making a determination on the adequacy of the staffing levels.

Financial Implication: Eliminating 1.0 TSS FTE would save Lakewood approximately \$59,900 in salaries and benefits. This is based on the starting salary for a TSS employee according to the collective bargaining agreement and an estimate of the health and payroll benefits based on the City's 2008 budget.

Performance Measurement & Service Effectiveness

R3.5 The City should begin to develop and track various performance measures to evaluate the efficiency and effectiveness of the Streets Division (LSD) and Parks and Public Property Division (LPPD) staff, and to facilitate future decision-making. Doing so would help ensure that the LSD and LPPD are maintaining appropriate

staffing levels and providing quality services, and that decisions are being made based on objective information.

LSD and LPPD do not use performance measures to facilitate management decision making or to determine appropriate staffing levels. LSD and LPPD Division Managers indicated that staffing levels are primarily determined by the City's financial condition. Without considering objective standards such as workload drivers and other similar performance measures, the City increases the risk of maintaining inefficient and/or ineffective staffing levels. For example, **R3.2** indicates that the City's groundskeeper employees are maintaining fewer acres per FTE than the peer average. Conversely, **R3.3** shows that the street maintenance employees are maintaining more lane miles per FTE and the City has a fewer percentage of roads rated as "Excellent" or "Good" on the OPWC road rating report.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (GFOA, 1999) indicates that a government should develop and utilize performance measures to evaluate how efficiently and effectively functions, programs and activities are provided, and for determining whether program goals are being met. This publication goes on to indicate that performance measures should be valid, reliable, and verifiable. The performance measures should also be reported in periodic reviews of functions and programs, and should be integral in making resource allocation decisions.

R3.6 Lakewood should use annual surveys to obtain input from citizens concerning the state of the City's streets and parks. Doing so would ensure that the City considers a broad range of input from a variety of sources to help identify operational improvements and ensure the provision of quality services, which would be aided through the development and use of performance measures (see R3.5).

Lakewood does not have any formal mechanisms in place to monitor or evaluate the effectiveness of the LSD and LPPD in carrying out their responsibilities. In actual practice, the division managers of LSD and LPPD indicated that they informally monitor customer satisfaction through the number and types of citizen complaints. The division managers also indicated that managers review citizen complaints to ensure that the complaints were resolved appropriately.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (GFOA, 1999) indicates that a government should develop mechanisms to identify stakeholder concerns, priorities, and needs. This publication goes on to indicate that surveys are one mechanism that should be considered in promoting stakeholder participation. Likewise, in *Conducting a Customer Satisfaction Survey* (University of Florida, 2000), it was noted that the Florida Innovation Group, a nonprofit

organization that assists county and city governments, recommends using customer satisfaction surveys to assess the performance of departments within a government agency. A customer satisfaction survey can help find ways to improve program quality, information delivery, and overall accountability.

Recycling

R3.7 The City should consider alternative strategies to further improve the recycling rates and operational efficiency. These strategies include working with the Cuyahoga County Solid Waste Management District (CCSWMD) to coordinate recycling activities and programs, using low cost alternatives to educate citizens about the City's and CCSWMD's recycling programs, regularly measuring the performance and effectiveness of promotional activities and recycling programs, and implementing a pay as you throw program for collecting household refuse. Taking these actions would help Lakewood eliminate duplicative programs/activities and allocate monies to programs/activities that yield the best results at the most effective price.

The City's Refuse and Recycling Division provides once-per-week service to residents for the collection of household refuse and recyclable materials. In addition, Lakewood operates a drop-off facility where residents can take refuse and recyclable materials, including construction debris, appliances/metals, paper and cardboard, mixed blue bag recycle, yard waste, computers, batteries, tires, aluminum cans, used clothing, and household hazardous waste. In 2007, Lakewood achieved a recycling rate of approximately 39 percent, which was higher than the average for all municipalities in Cuyahoga County (27 percent) and the benchmarks advocated by the Ohio EPA (25 percent).

Although Lakewood's recycling program exceeds the Ohio EPA requirements and other municipalities in Cuyahoga County, the City has not considered the following approaches for increasing the recycling rates and/or improving long-term operational efficiency:

- **Promotion:** The Public Works Director indicated that Lakewood does not actively promote their recycling programs. In 2007, Lakewood spent a total of \$6,467 on advertising, printing, and reproduction, which represents less than one percent of Lakewood's total expenditures. According to the publication *Recycling Best Practices Manual* (Environmental Planning Consultants, 2007), many communities have been extremely creative in finding ways to advertise their recycling programs and educate the public about how to participate, while keeping costs under control. Examples include advertisements through public access television, radio ads, TV spots, interviews with the mayor, newspapers, magazines, shopper guides, inserts in customer bills, recycling guide brochures,

refrigerator magnets, signs on City vehicles, newsletters, participation in public and school events, and developing a detailed recycling program website.

- **Performance Measurement:** Lakewood tracks the total tonnage of recyclables and refuse collected each month and compares the current month totals to the last two years to identify trends in recycling rates. However, the Public Works Director indicated that Lakewood does not monitor detailed information to determine which recycling programs are achieving the best results and/or the impact on monthly recycling rates from various promotional activities. In addition, Lakewood does not report specific statistics regarding recycling and tonnage disposal rates on the website to allow for public viewing. According to the *Recycling Best Practices Manual* (Environmental Planning Consultants, 2007), it is important for communities to measure the effectiveness of promotional campaigns as this allows for an evaluation of past successes and illuminates the need for future refinements. One measurement of promotional effectiveness includes determining the number of tons set out for collection before and after a promotional message was delivered. The *Recycling Best Practices Manual* goes on to indicate that it is important that residents know how well they are doing. Residents and areas of the city that are doing a poor job at recycling should be identified and educated in a way that encourages their continued participation.
- **Coordination with Solid Waste Management District:** In 2008, Lakewood received a grant from the CCSWMD for \$3,390. The grant was used to provide reusable grocery bags to middle school students and to provide prizes for a “Get Caught” recycling event. However, with the exception of the grant award, the City does not routinely work with the CCSWMD to coordinate recycling programs and activities. As a result, some of the City’s recycling activities duplicate with services provided by the CCSWMD. For example, Lakewood operates a facility where residents can drop-off various items including computers and household hazardous waste. However, the CCSWMD sponsors computer, household hazardous waste, phone book, scrap tire, and other similar collection events throughout the year for all Cuyahoga County residents, including residents of Lakewood. CCSWMD also advertises that it offers free consulting services to local governments to assist with solid waste management and to improve the cost effectiveness of a municipality’s waste collection and/or recycling program. Lastly, the Superintendent of Streets for Kettering indicated that the city used to operate a recycling center, but found that it was more cost efficient to refer citizens to the recycling center operated by Montgomery County.
- **Pay as you Throw Program:** Lakewood provides once-per-week curbside recycling at no cost to the residents. However, under a pay as you throw (PAYT)

program, residents are charged a fee per bag of trash they set out on the curb (only pay for the trash actually disposed). Residents selecting the PAYT option are provided curbside recycling services at no cost as a method to promote disposing less waste. According to the Federal Environmental Protection Agency (Federal EPA), municipalities often see a 25 to 35 percent decrease in waste and a significant increase in recycling when implementing PAYT. A representative from the Ohio EPA also indicated that this is the most productive method of curbside recycling.

Technology

R3.8 Instead of purchasing a separate software package to address the issues in the Fleet Management Division, the City should have the technology committee review the feasibility of purchasing an electronic work order system that could be used by all divisions within LPWD. This will help ensure that all divisions consistently track and report information that could be helpful for making decisions, estimating costs and timeframes for future projects, and scheduling routine and preventative maintenance activities.

If the City decides to purchase an electronic work order system, it should solicit requests for proposals that include system capabilities, and maintenance and training requirements. The City should also require potential vendors to demonstrate and guarantee that the software will be compatible with other technology in the City. Taking these actions will help ensure that the City selects a system that best meets its needs, and uses the selected system appropriately and to the fullest extent.

The City does not have a standard work order system that is applied consistently to all the divisions within LPWD. Rather, the majority of the divisions use a manual system to schedule and prioritize projects while several divisions (Parks and Public Property and Fleet Management) use electronic software. However, the reporting capabilities under both systems are limited. For example, the manual work order system makes it difficult for the City to consistently and easily track project histories, the length of time to complete a project, and/or the cost of labor, supplies, and materials. Additionally, the Manager for the Fleet Management Division indicated that despite using electronic software, there are numerous limitations with the system, including an inability to track the cost of certain vehicle parts and supplies (non-stock items), and link the software to the City's accounting system for internal billing purposes. As a result, the Administrative Assistant for the Fleet Management Division manually tracks this information and provide reports to the Finance Department, whereby the information is used to invoice other divisions for vehicle repair services. Likewise, the Manager for the Parks and Public Property Division indicated that although the current work order system (internet

based) allows employees to report and track problems, it cannot track supply and labor costs by project.

According to the article *Selecting Fleet Management Software* (Christopher D. Amos, 2008), the most important tool for fleet management is an information management system software package. The article goes on to indicate that the first step in selecting a software package is to conduct a detailed needs assessment that includes a listing of everything expected of the new system. Additionally, entities should take stock of the physical and organizational environment in which the new system will function to prevent introducing incompatible technology or omitting connecting components to interface with existing systems. Lastly, the article suggests using requests for proposals (RFP) for purchasing a software package and ensuring that maintenance agreements, training requirements, and software capabilities are defined in the RFP. Commonly used software packages have the ability to track assets, collect detailed labor information, track contracted work, manage parts and inventory, schedule routine and preventative maintenance, track fuel use, and schedule vehicle use and maintenance to avoid work interruptions. Although this article is specifically referencing fleet management software, the concepts and practices can be applied to purchasing a work order software package for all divisions within the LPWD.

Additionally, one particular vendor advertises that its software can maintain work orders for all divisions and functions within Public Works, including street and vehicle maintenance and repair, parks and recreation, and utilities. The vendor also advertises that the software has the capabilities identified in the article *Selecting Fleet Management Software*. Lastly, the Superintendent of Streets at Kettering indicated that the city uses a computerized work order system to schedule projects and preventative maintenance, and track project histories and labor hours.

During the course of the performance audit, the City formed a committee to investigate the technology needs of each division. The Manager for the Fleet Management Division indicated that the committee is aware of the issues surrounding the City's fleet management software. In addition, the Division Manager indicated that the City has considered switching software packages and has received offers from other fleet management software suppliers.

Financial Implication: The cost of an electronic work order system will vary depending on the specific features and technology in place within the LWPD. However, one vendor advertises that the cost of a basic electronic work order system starts at \$495.

Financial Implications Summary

The following table presents a summary of annual cost savings, implementation costs, and annual costs identified in this section of the report.

Table 3-6: Performance Audit Recommendations

Recommendation	Annual Cost Savings	Implementation Cost (One Time)	Annual Cost
R3.2 Consider eliminating 6.0 groundskeeper / forestry FTEs	\$316,000		
R3.2 Replace full-time groundskeeper/forestry FTEs with part-time or seasonal staff	\$22,000		
R3.3 Consider hiring or contracting for street maintenance and repair services			\$430,000
R3.4 Consider eliminating 1.0 FTE traffic sign and signal employee	\$59,900		
R3.8 Purchase an electronic work order system		\$495	
Totals	\$397,900	\$495	\$430,000

Source: AOS Recommendations

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Police Division

Background

This section of the performance audit focuses on the City of Lakewood's (Lakewood or the City) Police Division (LPD). The objective is to assess LPD's practices against leading or recommended practices, industry benchmarks, and selected peer cities.¹ Sources of leading or recommended practices and industry standards include the Federal Bureau of Investigation (FBI), the Benchmark City Survey, the International Association of Chiefs of Police, and Police Chief Magazine.

Operations and Staffing

The mission statement of LPD is to "...preserve peace, protect life and property, prevent crimes, apprehend criminals, recover lost and stolen property, and enforce, in a fair and impartial manner, the ordinances of the City of Lakewood and the laws of the State of Ohio and the United States of America."

The Police Chief manages the daily operations of LPD and is responsible for developing the annual budget, managing LPD employees, and ensuring that police officers and civilian support staff are properly equipped to provide services. In 2008, LPD is comprised of approximately 90 full-time equivalent (FTE) police officers and 23.6 civilian FTEs, which includes an Administrative Assistant that provides daily support and clerical assistance, who all report to the Police Chief. Excluding the Administrative Assistant and Police Chief, the remaining 112.6 FTEs are organized into three broad divisions, with each being managed by a captain. A summary description of LPD's divisions includes the following:

- **Administration and Services:** The Administration and Services Division is comprised of 22.6 civilian FTEs and one captain, for a total of 23.6 FTEs. The Administration and Services Division is responsible for operating the communications center and the jail, and for performing a variety of other clerical and support duties. The communications center (12.0 FTEs) is the point at which calls for service originate and from which Police, Fire, and EMS units are dispatched. There are 4.0 jail FTEs that are responsible for the supervision, security, and care of individuals housed in the jail facility. The remaining 6.6 FTEs consist of 0.6 FTEs that perform clerical functions for LPD, 4.0 FTEs that maintain LPD's records, 1.2 FTEs that maintain and secure LPD's property and evidence room, and a student cadet (0.8 FTE) that completes a variety of support functions.

¹ See the **executive summary** for a list of the peer cities, and an explanation of selection methodology.

- **Investigative:** The Investigative Division is comprised of a captain, a lieutenant, 2.0 sergeants, 14.0 detectives, an investigator, and an administrative assistant, for a total of 20.0 FTEs. With the exception of the administrative assistant, personnel assigned to the Investigative Division are sworn officers that conduct follow-up work on incidents reported to the Traffic and Patrol Division, and self initiated activity.
- **Traffic and Patrol:** The Traffic and Patrol Division is comprised of a captain, 3.0 lieutenants, 8.0 sergeants, 12.0 investigators and 45.0 patrol officers, for a total of 69.0 FTEs. These employees are sworn officers that respond to calls for service and handle preliminary investigations. In addition, the Traffic and Patrol Division monitors and enforces all traffic laws and regulations within the City, and operates a variety of supplemental programs including child identification services, vacation security checks of residents' homes, home and business security surveys, citizen police academy training, drug abuse resistance education, youth resource officer training, and juvenile intervention and diversion programs². In addition, the City employs 31 part-time school guards that provide services for the Lakewood Schools, under command of the Captain of Traffic and Patrol.

With the exception of the Police Chief, sworn employees are represented by the Fraternal Order of Police (FOP) Western Cuyahoga Lodge No. 25 bargaining agreement, which is effective from January 1, 2007 through December 31, 2009. The communications and jail employees are represented by two separate FOP agreements, both of which are effective March 1, 2007 through February 28, 2010. Lastly, the employees that provide clerical and support functions are represented by the American Federation of State, County and Municipal Employees, AFL-CIO Administrative Employees Chapter (AFSCME Administrative) bargaining agreement. The AFSCME Administrative agreement expired on December 31, 2007. The City of Lakewood was negotiating with the AFSCME Administrative union during the course of the performance audit.

Financial Data

Table 4-1 presents LPD's expenditures compared to the peers for 2007, and includes LPD's budget for 2008.

² The Police Chief noted that the City eliminated the juvenile intervention and diversion programs during the course of the performance audit; however, the City added the departmental training and special operations programs.

Table 4-1: Expenditures by Function

	Lakewood 2007	Lakewood 2008 Budget ¹	Euclid	Kettering	Peer Average
Wages	\$7,569,160	\$7,901,508	\$9,790,684	\$7,994,817	\$8,892,751
Cost per reported crime	\$5,461	\$5,701	\$4,917	\$4,540	\$4,729
Cost per citizen	\$145	\$151	\$201	\$146	\$174
Cost per call for service	\$88	\$92	\$179	\$119	\$149
Benefits	\$2,606,222	\$2,912,493	\$3,824,485	\$2,703,865	\$3,264,175
Cost per reported crime	\$1,880	\$2,101	\$1,921	\$1,535	\$1,728
Cost per citizen	\$50	\$56	\$79	\$49	\$64
Cost per call for service	\$30	\$34	\$70	\$40	\$55
Operating	\$855,429	\$918,425	\$682,232	\$1,727,131	\$1,204,681
Cost per reported crime	\$617	\$663	\$343	\$981	\$662
Cost per citizen	\$16	\$18	\$14	\$32	\$23
Cost per call for service	\$10	\$11	\$12	\$26	\$19
Capital Outlay	\$10,845	\$4,900	\$22,758	\$348,730	\$185,744
Cost per reported crime	\$8	\$4	\$16	\$198	\$107
Cost per citizen	\$0	\$0	\$0	\$6	\$3
Cost per call for service	\$0	\$0	\$0	\$5	\$3
Total	\$11,041,656	\$11,737,326	\$14,320,159	\$12,774,543	\$13,547,351
Cost per reported crime ²	\$7,967	\$8,468	\$7,192	\$7,254	\$7,223
Cost per citizen	\$212	\$225	\$294	\$234	\$264
Cost per call for service	\$128	\$136	\$262	\$190	\$226

Source: City of Lakewood, peer cities, and the 2006 Census Bureau population estimates.

¹The budgeted expenditures for 2008 are divided by the 2007 reported crimes and calls for service. The 2008 service level information was not available during the course of this audit.

²The reported crimes consist of violent and property crimes as defined and reported by the Federal Bureau of Investigation for 2006.

A summary analysis of **Table 4-1** includes the following:

- Wages & Benefits:** **Table 4-1** shows that although LPD's wage and benefit costs per reported crime are higher than the peer average in 2007, the costs per citizen and call for service are lower. The variances are attributed to the large disparity between LPD and the peers in calls for service and reported crimes. More specifically, LPD responded to 86,169 calls for service in 2007, but only had 1,386 reportable crimes that met the Federal Bureau of Investigation's (FBI) definition of a violent or property crime. By comparison, the peer average calls for service was 60,961 and the total reported violent and property crimes were 1,876. Furthermore, **Table 4-1** shows that LPD's total wages are projected to increase approximately 4 percent in 2008 while the benefits are projected to increase 12 percent. The projected increase in wages is attributed to a negotiated wage (2.5 percent in 2008) and step increases, longevity pay, and a slight increase in projected overtime costs. The projected increase in benefits is due to the increase in employee wages (payroll related benefits) and Citywide increases in healthcare costs. See the

health benefits and performance measures section of this performance audit for an additional analysis of the City's healthcare programs.

- **Operating:** **Table 4-1** shows that LPD projected the operating expenditures to increase approximately 7 percent in 2008, which is attributed to projected increases in the cost of property and liability insurance, repair maintenance and operating supplies, and equipment service agreements. Despite the projected increase in 2008, **Table 4-1** shows that LPD's operating expenditures are comparable to the peer average on a per reported crime basis, and lower on a per citizen and call for service basis.
- **Capital Outlay:** **Table 4-1** shows that LPD's capital outlay expenditures are lower than the peer average on a per citizen, reported crime, and call for service basis. The projected decline in LPD's 2008 capital outlay expenditures is due to the City limiting its discretionary spending in response to the current financial difficulties.

The annual *Benchmark City Survey* was originally designed in 1997 by a group of Police Chiefs from around the United States to establish a measurement tool to ensure their departments were providing the best service within their respective community. In 2007, 21 police agencies (average population of 146,293) responded to the survey and indicated that the average Police Department expenditure per citizen was approximately \$209. **Table 4-1** shows that LPD's 2007 expenditures per citizen (\$212) are comparable to the *Benchmark City Survey's* average.

Operating Statistics

Table 4-2 presents key operational data for LPD and the peers.

Table 4-2: 2007 Operating Data

	Lakewood	Euclid	Kettering	Peer Average
Square Miles¹	6.7	11.6	18.7	15.2
2006 Population	52,197	48,717	54,666	51,692
Officers Per 1,000 Citizens	1.7	2.0	1.5	1.8
Calls For Service	86,169	54,634	67,287	60,961
Calls For Service per Officer	957.4	546.3	810.7	678.5
Total Violent & Property Crimes²	1,386	1,991	1,761	1,876
Violent & Property Crimes per 1,000 Citizens	26.6	40.9	32.2	36.6
Arrests	13,675	19,347	14,254	16,801
Arrests per 1,000 Citizens	262.0	397.1	260.7	328.9
Response Times (Dispatch to Arrival on Scene)	3:35	3:35	3:00	3:18

Source: Lakewood and peer financials, 2006 Census Bureau population estimates, and the FBI.

¹Total square miles includes all land and water areas. For Lakewood, the Census Bureau reports land square mileage of 5.55 and water square mileage of 1.15.

²The violent and property crimes are reported by the Federal Bureau of Investigation for 2006.

Table 4-2 shows that LPD's square miles, total violent and property crimes per 1,000 citizens, and arrests per 1,000 citizens are lower than the peer averages. Although LPD's total police officer staffing per 1,000 citizens is slightly lower than the peer average, its calls for service per officer are significantly higher. Furthermore, LPD's total police officer staffing per 1,000 citizens is lower than data published by the Federal Bureau of Investigation (FBI). Specifically, according to the *Uniform Crime Report* (FBI, 2006), the average police officer staffing level for communities with populations between 50,000 and 99,999 was 2.0 per 1,000 citizens in 2006. Lastly, **Table 4-2** shows that LPD maintains response times are comparable to the peers.

Assessments Not Yielding a Recommendation

In addition to the analyses presented in this section, assessments that did not result in recommendations or warrant changes include the following:

- **Police Staffing:** Based on the number of calls per officer when compared to the peer average and the number of officers per 1,000 citizens when compared to the FBI average, LPD appears understaffed. For instance, the City would need to hire 14.0 full-time police officers in order to achieve the average staffing levels per 1,000 citizens reported by the FBI. At the beginning of 2008, the City formed a committee that included the Mayor, the City Prosecutor, the Police Chief, the three Captains, and concerned citizens to develop an initiative to improve public safety. The committee developed a 25-point public safety program that includes hiring four full-time officers and up to ten part-time officers; instituting neighborhood police stations across the community; increasing communication and cooperation with the Lakewood Schools, County, State and Federal law enforcement agencies; and organizing block club watches throughout the neighborhoods in the community. Assuming the part-time officers could work 80 percent of a full-time schedule (32 hours per week) in an effort to be conservative, LPD's total staffing could increase by 12 FTEs. LPD's revised staffing ratios based on 102 police officers would be 844 calls for service per FTE and 1.9 officers per 1,000 citizens, both of which appear reasonable compared to the peers and the FBI average.

The article *Officers-per-Thousand: Formulas and Other Policy Myths* (International Association of Chiefs of Police (IACP), 2007), indicates that based on past studies, no meaningful correlation has been found between the number of officers employed in a community and the crime rate. The article goes on to state that if a community wishes to reduce crime, additional officers can only help when added to an effective, mission-focused department, one that has instilled throughout the organization accountability for community livability and for the level of crime. The article suggests that there are three elements of effective policing, which include focusing on proactive policing (orient towards crime, not just criminals), asking citizens to reassert their role in keeping neighborhoods safe which will improve community safety and overall livability, and a willingness of a department in assuming personal responsibility for the level of crime in a

community. The City's plan to increase staff in conjunction with the 25-point public safety program generally shows that LPD is trying to comply with the intent of this article.

- **Civilian Support Staffing:** LPD employs 8.6 civilian support FTEs that include secretaries, clerical support, records maintenance, and property and evidence employees. The civilian support staffing levels appear reasonable when compared to the peers. More specifically, LPD's civilian support staff equal 0.16 FTEs per 1,000 citizens, which is slightly lower than the peer average (0.20). Likewise, LPD's civilian support staff provides support to 90 police officers, or 10.5 officers per FTE. By comparison, the peer average is 9.5 police officers per civilian support staff FTE.
- **Communication Center Staffing:** LPD employs 12.0 civilian dispatch FTEs that operate the communications center. This staffing level appears reasonable in comparison to the peers. More specifically, the communication center received 7,750 calls for service per FTE. By comparison, the peer average calls for service per FTE was 6,027. Likewise, the communications center dispatched 898 emergency calls per FTE, which is significantly higher than Euclid (420 per FTE), but lower than Kettering (1,687 per FTE). Lastly, the communication center's staffing levels on a per 1,000 citizen basis (0.23) is in line with the peer average (0.24).
- **Jail Operations and Staffing:** LPD employs 4.0 correction officer FTEs to operate a jail facility that holds approximately 16 inmates. The City's jail is designated as a 12 day holding facility and operates under standards established by the Ohio Bureau of Adult Correction. By comparison, Euclid's jail facility holds approximately 83 inmates for a designated length of stay up to 365 days, while Kettering's jail facility holds approximately 14 inmates for a designated length of stay up to 5 days. Despite the differences in jail structure, LPD's average daily inmate population per FTE ratio (3.4) is higher than both Euclid and Kettering (2.2 and 1.1, respectively).

In accordance with Ohio Revised Code § 5120.10 and Executive Order 92-03 of the Department of Rehabilitation and Correction (DRC), the Bureau of Adult Detention (the Bureau) completed its annual inspection of the LPD jail facility in 2007. The Bureau's inspection focused on the following areas: reception, classification, security, housing, sanitation and environmental conditions, medical, food service, recreation, prisoner discipline, administrative segregation, staffing, and staff training. In general, the Bureau's inspection indicates that the majority of LPD's jail operations, including staffing levels and training, comply with the appropriate standards. The Bureau's recommendations to LPD include the following:

- Change the view of the closed circuit televisions in all prisoner-housing units to preclude the monitoring of all toilet areas.

- Provide an effective two-way communication system between staffed posts (dispatch) and prisoner occupied areas (male and female cells/dayrooms).
- Provide prisoners with 35 square feet of dayroom access per occupant at one time. Prisoners should have access to a dayroom a minimum of 8 hours a day.
- Provide seating for each prisoner in the male housing unit eating area.
- Provide an area that complies with the Ohio Minimum Jail Standards for administratively segregating prisoners.

The Police Chief noted that due to the structural limitations of the jail facility, the City cannot consistently comply with the square footage and day room access, seating in the eating area, and segregation recommendations without extensive building modifications. However, the Police Chief indicated that the City is in the process of addressing the Bureau's recommendations related to the facility's video software and communication systems. In situations where Lakewood's jail is significantly over-capacity, the City must contract with other area jail facilities to house any new prisoners. The Police Chief estimated that the average cost paid by LPD to house prisoners at other facilities was \$85.00 per day, which is slightly lower than Euclid (\$90.00) but higher than Kettering (\$68.00). Despite the additional cost of contracting for prisoner housing in certain situations; LPD's total prisoner support costs have declined 28 percent since 2005 and represent approximately 5 percent of the LPD's total expenditures, and less than two percent of the City's total General Fund expenditures.

- **Work Shifts:** On January 1, 2007, LPD implemented a flexible work schedule, where the Police Chief schedules police officers to work a traditional 8-hour shift (5 days per week /80 hours per pay period) or a modified work schedule of six 12-hours shifts and one 8-hour shift (80 hours per pay period). According to the Police Chief, the modified work schedule increases the number of police officers that are available for response during peak times of the day. However, the impact of the modified work schedule on the City's overtime and sick leave has been inconclusive. For example, LPD's average overtime was 89 hours per FTE in 2006 while sick leave was 23 hours per FTE, the year prior to implementing the modified work schedule. In 2007, the rate of overtime per FTE remained approximately the same (88.8), but sick leave increased to 34 hours per FTE. However, from January through April 2008, LPD's overtime and sick leave usage were on pace to decline to 62 and 19 hours per FTE, respectively.

According to the article *A Look at the 12-Hour Shift: The Lincoln Police Department Study* (Police Chief Magazine, March 2008), "...the biggest advantage of the 12-hour shift is that it provides excellent coverage during peak times, typically late afternoon and evening and on into the early morning hours on weekends. A day shift and night shift provide basic coverage for 24 hours, while another group of officers is scheduled from early afternoon to early morning hours. Staggered start times allow for constant coverage at the beginning and end of shifts. Although it is possible to build a schedule that

provides similar coverage with 8 or 10 hour shifts, or a combination of both, the result is usually more complicated and unwieldy.” The article goes on to indicate that after the 12-hour shift was implemented in the Lincoln Police Department, sick leave use initially declined, but by the end of the first year, had rebounded to slightly more than the average used in the three previous years. The article also indicated that there was no significant change in overtime. Lastly, the article cautions that one serious injury or illness can have a significant impact on overtime and sick leave, and suggests reviewing information over a period of several years.

Despite the recent fluctuations, LPD’s 2007 overtime expenditures as a percent of salaries (6 percent) were lower than Euclid and Kettering (8 percent and 9 percent, respectively). Additionally, LPD’s sick leave per FTE (34 hours) was comparable to the 10-year average for Fraternal Order of Police union members as reported by the Ohio Department of Administrative Services (33). Nevertheless, actively monitoring overtime and sick leave trends over the next few years will help the City determine the full impact of the modified work schedule.

- **Negotiated Agreement Contract Provisions:** LPD’s negotiated agreements were reviewed to determine if contract provisions contribute to inefficient staffing levels and/or overtime costs. The City’s contract provisions do not appear to have a significant impact on the staffing levels or overtime costs. In particular, the negotiated agreements do not have minimum staffing requirements and specifically state that the determination of LPD staffing levels is a management right. As previously stated, LPD’s 2007 overtime expenditures as a percent of salaries were lower than Euclid and Kettering.
- **Span of Control:** LPD’s organization structure is appropriate based on the ratio of staff officers (first line supervisors and above) to rank and file police officers (officers below rank of first line supervisors). Specifically, LPD maintains a ratio of 1 staff officer for every 4 rank and file police officers, which is similar to Euclid (1:4) and higher than Kettering (1:3.4). Additionally, the annual *Benchmark City Survey* reports that the average ratio of staff officers to rank and file police officers was 1 to 4.1 in 2007.

Recommendations

- R4.1 Lakewood should move forward with its plans of using a technology committee (the Committee) to review technology use on a City-wide basis. In performing the review of LPD, the Committee should ensure that proposed solutions eliminate the current inefficiencies and duplications of effort. If the Committee decides to purchase new software for LPD, the City should solicit requests for proposals and require that potential vendors demonstrate and guarantee that the software will be compatible with the mobile data terminals (MDTs), the Cuyahoga Regional Information System (CRIS) and/or any other City-wide programs in use at the time. The City should also ensure that appropriate training is provided to LPD personnel. Lastly, LPD should follow through on its intent to use videoconferencing for Grand Jury testimony.**

LPD uses a variety of software packages to meet its reporting, management and storage needs. For example, LPD uses HTE software for payroll reporting, field reporting, and records management; mobile data terminals (MDTs) for report writing while police officers are in the field; and the Cuyahoga Regional Information System (CRIS) for storing data and meeting year-end reporting requirements. The Administration and Services Division Captain indicated that maintaining separate systems results in a significant duplication of effort and sometimes an inefficient use of a police officer's time. For instance, because the CRIS system does not interface with the HTE system, employees must re-enter information from police reports into CRIS to meet year-end reporting requirements. Likewise, the interface between the MDTs and the HTE software does not always work properly and sometimes results in incident reports being lost or altered. In these instances, police officers are required to file reports using designated computers at the police station instead of staying in the field and using the MDTs. Furthermore, the Police Chief indicated that LPD officers will soon begin testifying via videoconferencing from the Lakewood Police Department to the Grand Jury.

The Patrol Division Captain indicated that LPD has investigated software packages that would address these difficulties, including a program developed by Cuyahoga County that is being test piloted by the City of Parma. However, LPD has not yet made a final decision. During the course of this performance audit, the City formed a committee to investigate the limitations of the HTE software and the use of technology on a City-wide basis.

Financial Implication: Although not readily quantifiable, the Police Chief indicated that using the video conferencing technology should decrease overtime, fuel and vehicle costs by not traveling to the Justice Center.

R4.2 Lakewood should consider reinstating the requirement that communication center employees be certified as emergency medical dispatchers (EMD). In considering this option, Lakewood should review the computer-aided dispatch (CAD) system capability along with its current training for dispatch staff, relative to the EMD certification. In particular, the City should determine whether the CAD system and current level of training provides dispatchers with the appropriate level of guidance for receiving and dispatching calls including emergency medical services, when compared to the EMD certification and the manual flip card process or other EMD software. Furthermore, the City should consider the potential impact on its liability and response times when reviewing these alternatives. To facilitate this review, the City should follow the action plans suggested in the article *Emergency Medical Services – EMS dispatch and response* (Fire Chief Magazine, 1983). Taking these measures would ensure that dispatchers have the tools to make informed decisions. Lastly, if the LPD determines that the EMD software is preferable, it should work with the Technology Committee (see R4.1) to determine which programs will effectively interface with existing hardware and software.

Lakewood operates a combined police, fire, and Emergency Medical Services (EMS) communications center for dispatching calls for service. Currently, the City's communication center employees use its CAD system to prioritize dispatch calls for service and/or determine the required level of assistance for each emergency. The Police Chief noted that after the dispatcher receives a call, the dispatcher enters specific call codes into the CAD system. Based on the call code entered into the CAD system, the system will recommend the priority level and available vehicle unit. The Police Chief indicated that all employees are trained to learn the call codes for the CAD system. Additionally, the Police Chief noted that in-service training is provided, including for CAD system updates. Lastly, the Police Chief noted that the CAD system enables LPD to update and add call codes.

The Police Chief indicated that approximately five years ago, the LPD required communication center employees to obtain the EMD certification to use a flip card process for dispatching medical calls for service. However, the Police Chief indicated that the LPD discontinued the EMD certification program and the requirement to use flip cards, due to a combination of budgetary concerns and perceived delays in LPD's response times. The Police Chief also indicated that during the same timeframe, the City purchased EMD software that would help address these issues. However, the software package was discontinued do to its incompatibility with the City's CAD system (see **R4.1**).

In contrast to Lakewood, Kettering uses EMD protocols through the manual flip card system. **Table 4-2** shows that Kettering maintains an average police response time that is lower than Lakewood while Euclid is comparable to the City. However, **Table 6-4** in the

fire section shows that Lakewood's fire and EMS average response times were lower than the peers (see the **fire** section).

According to *EMD Program Implementation and Administration Manager's Guide* (United States Department of Health and Human Services, 1995), EMD training and certification provides dispatchers with medically sound and clinically based protocols. EMD protocols are designed to guide the dispatcher in proper call questioning techniques to consistently identify the level of medical need, identify situations that require pre-arrival instructions, gather information that should be related to responding personnel, and gather scene safety information. This information, combined with age and history-related determinant factors, enables dispatchers to determine the correct level of assistance required, the urgency required in responding to the scene, and whether the case warrants a solitary or multiple response. Conversely, entities that lack EMD protocols increase the risk of inconsistent or inappropriate emergency responses. For example, "one dispatcher could assess a call and determine that it is a minor medical emergency while another might determine that it was a high level emergency. This lack of consistency can lead to an over-utilization of advanced life support resources and an under-utilization of basic life support resources. In many locales, first responders are used on many calls, leading dispatchers to use these resources when they were not required to and fail to use them on cases that clearly needed them."

Moreover, the article, *Emergency Medical Services – EMS dispatch and response* (Fire Chief Magazine, 1983), indicates that to implement EMD dispatching protocols, entities should conduct a thorough evaluation of the current system, develop new dispatching procedures based on input from appropriate sources (operations managers, EMS personnel, dispatchers, training personnel, physicians, etc), and develop defined timetables for training dispatch personnel and startup. Each step of the process should be clearly defined in terms of objectives, action plans for meeting objectives, and identification of responsible persons. The article goes on to indicate that public education of the new EMD dispatching protocols is equally important. Therefore, the implementation plan should also include objectives aimed at public education, including public service announcements, written press releases, and press conferences. Any public education maneuver should emphasize that the new procedures, especially if they include more questioning at dispatch, are designed to make sure the patient gets the right help. Finally, the implementation plan should include the means to collect data during a reasonable trial period. Adequate data feedback may support the continued existence of the new procedures as well as suggest modifications for greater effectiveness.

Financial Implication: The estimated costs of attending an EMD training course is approximately \$300 per person. Because LPD employs 12 dispatchers, the total estimated cost would be approximately \$3,600.

Financial Implications Summary

The following table presents a summary of costs identified in this section of the report.

Table 4-3: Performance Audit Recommendations

Recommendation	Annual Cost
R4.2 Send Dispatch Personnel to EMD Training	\$3,600
Total	\$3,600

Source: AOS Recommendations

Division of Housing and Building

Background

This section of the performance audit focuses on the City of Lakewood's (Lakewood or the City) Division of Housing and Building (LDHB). The objective is to assess LDHB's operations against leading or recommended practices, industry benchmarks, and selected peer cities.¹ Sources of leading or recommended practices and industry standards include the Insurance Service Organization, the Government Finance Officers Association (GFOA), and the Florida Innovation Group.

Organization Structure

Ohio Revised Code (ORC) § 3781 and Ohio Administrative Code (OAC) § 4101:8-1-01 govern building standards, describing a municipality's duties regarding the Board of Building Standards and Board of Building Appeals as well as building, certification, and inspection requirements. The City has adopted the Ohio Building Code, which is designed to ensure minimum compliance with the ORC and to provide uniform standards for constructing and maintaining buildings. These standards relate to the conservation of energy, safety, and sanitation of buildings for their intended use and occupancy. To enforce the building codes, the City's ordinances require homeowners, contractors, and businesses to obtain permits and licenses from LDHB prior to constructing, altering, repairing or demolishing a building or other structure. In addition to reviewing building plans and issuing permits and licenses, LDHB is responsible for inspecting all structures, enforcing building code, and accepting applications for Board of Zoning Appeals, Board of Building Standards, and Board of Architectural Reviews. LDHB also performs zoning inspections for the City's Division of Planning and Development.

According to *Building Code Effectiveness Grading Schedule* (Insurance Services Office (ISO), 2008), "...the Building Code Effectiveness Grading Schedule (BCEGS) assesses the building codes in effect in a particular community and how the community enforces its building codes, with special emphasis on mitigation of losses from natural hazards." BCEGS goes on to indicate that "...municipalities with well-enforced, up-to-date codes should demonstrate better loss experience, and insurance rates can reflect that. The prospect of lessening catastrophe-related damage and ultimately lowering insurance rates provides an incentive for communities to rigorously enforce their building codes. The BCEGS program assigns each municipality a grade ranging from 1 through 10, with 1 being exemplary."

¹ See the **executive summary** for a list of the peer cities and an explanation of selection methodology.

In 2006, the City of Lakewood received an overall BCEGS rating of 4. By comparison, each of the three peers received a rating of 3. The BCEGS report indicated that Lakewood's score was negatively impacted by the staffing levels for performing residential field inspections (see **R5.1**); the training, qualifications, and certifications of LDHB staff (see **R5.4**); and adoption of modified building codes (see **R5.5**).

Staffing

Table 5-1 shows LDHB's full-time equivalent (FTE) staffing the last two years.

Table 5-1: Division of Building and Housing Staffing Levels

Position (FTEs)	Lakewood 2007	Lakewood 2008
Building Commissioner	1.0	0.5
Project Administrator	1.0	0.5
Assistant Commissioners	2.0	2.0
Building Inspectors ¹	14.0	12.0
Administrative Assistant	1.0	1.0
Staff Assistants	3.0	2.0
Total FTEs	22.0	18.0

Source: City of Lakewood.

¹The City eliminated 3.0 FTEs during the course of this audit. As a result, the City is now operating with 9.0 building inspector FTEs.

Table 5-1 shows that LDHB's total staffing declined by 4.0 FTEs in 2008. The Building Commissioner retired in April, 2007. Subsequently, the Project Administrator was named the acting Building Commissioner and is carrying out both responsibilities (estimated to be 0.5 FTE in each position). Additionally, the City lost a building inspector, code compliance specialist, and staff assistant during 2007 due to resignations. The City did not replace any of these positions in 2008. The building inspectors, administrative assistant, and staff assistants are represented by the American Federation of State, County, and Municipal Employees (AFSCME) bargaining unit. Summary descriptions of LDHB's job responsibilities based on 2008 staffing levels include the following:

- Building Commissioner:** The Building Commissioner is responsible for managing the division staff and serves as the City's chief building official, interpreting and enforcing the Ohio Basic Building Code and related codes and ordinances. The position coordinates the division administrative functions, provides technical advice and assistance, oversees permitting functions, prepares reports, and presents testimony in court. In addition, the Building Commissioner's management duties include hiring, training, disciplining, and

assigning and directing work. Lastly, the Building Commissioner assists in developing and monitoring the division annual budget, long-range goals, objectives and organizational structure.

- **Assistant Commissioners:** The assistant building commissioners oversee the commercial and residential sub-divisions within LDHB. In carrying out these responsibilities, the assistant commissioners assist the Building Commissioner in managing all staff and functions related to their respective sub-division, including plan review, permitting functions, inspections, and development of inspection lists and reports.
- **Building Inspectors:** Building inspectors are State certified as building inspectors and perform various technical functions related to building inspections, including reviewing plans, conducting on-site inspections, assuring proper construction techniques and permit compliance, issuing certificate of occupancy notices, investigating complaints related to building codes and property maintenance, and preparing related correspondence.
- **Administrative Assistant:** The Administrative Assistant performs functions in support of the Building Commissioner. The position develops reports, maintains personnel files, handles inquiries, schedules events, and completes division fiscal functions, such as tracking the budget and preparing payroll information.
- **Staff Assistants:** Staff assistants perform a variety of clerical functions in support of LDHB staff, which include developing reports; setting up and maintaining files; composing and sending letters to clients; completing and processing forms and applications, other correspondence; and processing payments and receipts.

Financial Data

Table 5-2 compares LDHB's revenues and expenditures to the peers for 2007.

Table 5-2: Building and Housing Revenues and Expenditures

	Lakewood 2007	Lakewood Budget 2008 ¹	Cleveland Heights	Euclid	Kettering ²	Peer Average
Revenues:						
Total Revenues	\$1,382,121	\$1,193,285	\$901,507	\$1,220,290	\$550,904	\$890,900
Per citizen	\$26.48	\$22.86	\$19.14	\$25.05	\$10.08	\$18.09
Per inspection	\$34.78	\$30.02	\$36.38	\$60.92	NA	\$48.65
Per permit / license	\$195.71	\$134.06	\$131.53	\$192.32	\$140.04	\$154.63
Expenditures:						
Wages	\$909,836	\$723,289	\$925,040	\$590,140	\$955,958	\$823,713
Per citizen	\$17.43	\$13.86	\$19.64	\$12.11	\$17.49	\$16.41
Per inspection	\$22.89	\$18.20	\$37.33	\$29.46	NA	\$33.39
Per permit / license	\$128.84	\$81.26	\$134.96	\$93.01	\$243.00	\$156.99
Benefits	\$377,062	\$317,930	\$293,185	\$202,602	\$262,893	\$252,893
Per citizen	\$7.22	\$6.09	\$6.23	\$4.16	\$4.81	\$5.06
Per inspection	\$9.49	\$8.00	\$11.83	\$10.11	NA	\$10.97
Per permit / license	\$53.39	\$35.72	\$42.78	\$31.93	\$66.83	\$47.18
Operations	\$43,729	\$50,974	\$59,347	\$139,416	\$292,760	\$163,841
Per citizen	\$0.84	\$0.98	\$1.26	\$2.86	\$5.36	\$3.16
Per inspection	\$1.10	\$1.28	\$2.39	\$6.96	NA	\$4.68
Per permit / license	\$6.19	\$5.73	\$8.66	\$21.97	\$74.42	\$35.02
Capital Outlay	\$0³	\$0³	\$452	\$0	\$7,574	\$2,675
Total Expenditures	\$1,330,627	\$1,092,193	\$1,278,024	\$932,158	\$1,519,185	\$1,243,122
Per citizen	\$25.49	\$20.93	\$27.14	\$19.13	\$27.79	\$24.69
Per inspection	\$33.48	\$27.48	\$51.57	\$46.53	NA	\$49.05
Per permit / license	\$188.42	\$122.70	\$186.46	\$146.91	\$386.17	\$239.85

Source: City of Lakewood and peer cities

Note: Totals may vary due to rounding.

¹The budgeted revenues and expenditures for 2008 are divided by the 2007 inspections and permits/licenses. The 2008 service level information was not available during the course of this audit.

²Kettering does not track inspections.

³LDHB did not incur or project capital outlay expenditures in 2007 or 2008.

A summary analysis of **Table 5-2** includes the following:

- **Revenues:** The City charges users for various licenses, applications, and permits. **Table 5-2** shows LDHB's total revenue in 2007 was 55 percent higher than the peer average and significantly higher on a per citizen and per permit/license basis. The higher total revenues and revenues per citizen are due to Lakewood issuing more permits and licenses than the peers, due to several new construction projects taking place within the City. For example, in 2007, LDHB issued 7,062 permits and licenses while the peer average was 5,711. The lower revenue per inspection is attributed to LDHB conducting 39,744 inspections in 2007 while the peer average was only 22,407. The higher number of inspections is also due to the new construction taking place within the City. Furthermore, the acting Building Commissioner indicated that the City operated a comprehensive

housing inspection program in 2007 (visually inspect all parcels of land), which also contributed to the higher number of inspections. However, this program was discontinued in 2008 due to the staffing reductions. See **R5.1** for an additional discussion of the City's inspections, permits and licenses, and construction projects in comparison to the peers. According to the Director of Finance, the decline in projected revenues for 2008 is due to conservative estimates based on historical fluctuations.

- **Wages:** **Table 5-2** shows that although Lakewood spent more per citizen on LDHB wages in 2007, the cost per inspection and permit/license is significantly lower than the peer average. This is due to LDHB's staff conducting more inspections and issuing more permits than the peers (see above). **Table 5-2** also shows LDHB's wage expenditures are projected to decline 21 percent in 2008, which is due to not replacing four employees that retired/resigned in 2007. See **R5.1** for an additional analysis of LDHB's staffing levels.
- **Benefits:** **Table 5-2** shows that LDHB's benefit costs in 2007 were higher than the peer average on a per citizen and per permit/license basis. The higher expenditures can be attributed to the City offering generous health care coverage levels and maintaining low employee co-pays. **Table 5-2** also shows LDHB's benefit expenditures are projected to decline 16 percent in 2008, which is due to the staffing reductions that took place during 2007. See the **health benefits and performance measures** section of this performance audit for an additional analysis of the City's healthcare plans.
- **Operating:** **Table 5-2** shows that LDHB's operating costs are significantly lower than the peer average.

Recommendations

Staffing

R5.1 In consideration of the City's financial difficulties and the temporary impact of the major construction projects, the City should continue to operate LDHB with the current staffing levels. Automating the inspection process (R5.2) and allowing permit applications to be filed and paid on-line (R5.3) would help improve the overall effectiveness and efficiency of LDHB without hiring additional staff. However, the City should begin to develop and track various performance and workload measures to evaluate the efficiency of LDHB staff and to facilitate future decisions on staffing levels. Doing so would help ensure that LDHB is staffed appropriately once the recommendations from the performance audit are implemented and the major construction projects are complete. If the City decides to hire staff in the future, it should first consider more cost efficient options such as part-time or seasonal employees.²

Table 5-3 presents staffing and operational statistics for LDHB and the peers.

² The City eliminated the comprehensive housing inspection program in 2008 due to staffing reductions. Although this will likely reduce the number of inspections in 2008, the conclusion in **R5.1** is still valid. Specifically, **Table 5-3** shows that LDHB's FTEs per 1,000 citizens, construction value per FTE, and tenant units per FTE (non-inspection ratios) are lower than the peer averages. Additionally, the City eliminated 3.0 building inspector FTEs during the course of this audit, which would make the City's non-inspection ratios appear even more efficient.

Table 5-3: Operational Statistics

	Lakewood 2007	Lakewood 2008	Cleveland Heights	Euclid	Kettering ²	Peer Average
Population	52,194	52,194	47,097	48,717	54,666	50,160
FTE per 1,000 citizens	0.4	0.3	0.5	0.4	0.3	0.4
Total Housing Units	28,416	28,416	21,798	26,123	26,936	24,952
Per Total FTE	1,292	1,579	872	1,497	1,528	1,299
Tenant Units	14,630	14,630	7,924	9,875	8,569	8,789
Per Total FTE	665	813	317	566	486	456
Construction Value	\$44,249,478	\$44,249,478¹	\$40,280,589	\$19,199,769	\$26,271,846	\$28,584,068
Per Total FTE	\$2,011,340	\$2,458,304	\$1,611,224	\$1,100,273	\$1,490,601	\$1,400,699
Inspections	39,744³	39,744¹	24,781	20,032	NA	22,407
Per Inspector	2,839	3,312	1,739	1,926		1,833
Per Total FTE	1,807	2,208	991	1,148		1,070
Permits and Licenses	7,062	7,062¹	6,854	6,345	3,934	5,711
Per Inspector	504	589	481	610	389	493
Per Total FTE	321	392	274	364	223	287

Source: City of Lakewood and peer cities

¹ The construction value, inspection, and permits/license information represents 2007 service levels divided by 2008 staffing to illustrate the impact of the staffing reductions on LDHB's operations. The 2008 service level information was not available during the course of this audit.

² The City of Kettering does not track inspections.

³ AOS was unable to verify the reliability of Lakewood's inspection figures due to LDHB's record keeping process. However, this did not impact the AOS conclusions as the population per FTE, housing units per FTE, the expenditure ratios in **Table 5-2**, and the ISO reports all indicate that LDHB's staffing levels are low compared to the peers and other standards. **R5.2** contains suggestions on how Lakewood could resolve the data reliability issues.

Table 5-3 shows that although LDHB's FTE's per 1,000 citizens and total housing units per FTE in 2007 are comparable to the peer averages, the staffing per 1,000 citizens in 2008 is lower than the peer average and the housing units per FTE in 2008 is higher than the peer average. In addition, the tenant units and construction values per FTE in 2007 and 2008 are significantly higher than the peer average. The higher tenant units are attributed to Lakewood having a higher percentage of landlord owned housing. According to the 2000 U.S. census, approximately 52 percent of Lakewood's housing stock is renter occupied while Cleveland Heights is at 36 percent, Euclid is at 38 percent, and Kettering is at 32 percent. The acting Building Commissioner stated that rental properties require more frequent inspections due to higher turnover in the tenant population. The higher construction value is due, in part, to several large projects taking place within the City. For example, the Lakewood City School District is in the process of constructing two new elementary schools and two new middle schools as part of an Ohio Schools Facilities Commission project. Likewise, the acting Building Commissioner indicated that several additional projects are taking place within the City, including the construction of a new YMCA and several new condominiums.

Table 5-3 also shows that LDHB's inspections, and permits and licenses per inspector and total FTE in 2007 and 2008 are all higher than the peer averages, which can be attributed to a the new construction projects and staffing reductions that have taken place

in recent years. According to the acting Building Commissioner, the staffing levels in LDHB are primarily determined by the City's financial condition. The City does not track or use performance measures within LDHB to determine appropriate staffing levels. As a result, the City reduced the staffing levels within LDHB by four positions in 2008 to address projected deficits within the General Fund.

In 2006, the City received an overall BCEGS rating of 4 by the Insurance Services Office while each peer received a rating of 3. The BCEGS report indicated that Lakewood's staffing for residential field inspections was one factor that negatively impacted the overall rating. Specifically, BCEGS noted that Lakewood's inspectors were conducting the equivalent of 2,876 inspections per FTE while the national average for communities serving similar populations was 2,323. Although **Table 5-3** and the BCEGS report use varying methodologies, they both indicate that the City is maintaining low staffing levels within LDHB and may need to consider adjustments to effectively meet future demands.

LDHB employs only full-time staff. In contrast, some of the peers use low cost alternatives to help supplement the full-time staffing levels. For example, Euclid uses a grant program to employ a senior citizen as a part-time clerk (20 hours a week) to answer phones, file, enter data, and assist with other clerical duties. Similarly, Kettering employs seasonal staff to assist inspectors during peak seasons. Lakewood's AFSCME bargaining agreement does not prohibit the City from hiring part-time or seasonal staff. However, the AFSCME bargaining agreement does indicate "...that for a period of one year, new bargaining unit employees shall not be hired until all qualified employees on layoff status desiring to work have been recalled." The contract goes on to indicate that a "qualified" employee is any employee that can perform the work without substantial additional training. The City has laid-off employees in other divisions that would be covered by this provision, which may affect LDHB's ability to hire part-time or seasonal staff over the next year.

Technology

R5.2 The City should consider working with its software provider and technology staff to automate the inspection and code compliance process. This would eliminate the duplication of effort that occurs under the current process, and improve LDHB's recordkeeping and overall reliability of information. To ensure that LDHB receives the best price and is making an objective decision, the City should use a competitive bidding/quote process to purchase the equipment and to specify vendor training requirements. Once this system is operational, the City should review the clerical staffing levels within LDHB to determine the potential for staffing reductions.

LDHB is responsible for inspecting commercial and residential structures. Under the current process, an inspection is triggered when a citizen or contractor applies for a

permit for new construction, an addition, or an upgrade. Inspections can also be completed on the exterior of homes through neighbor complaints or if an inspector notices a violation while driving by a property. When an inspector determines that corrective action is needed, the inspector will create a hand-written correction notice that identifies the nature of the correction and the referenced code citation. When the inspector returns to City Hall, the Administrative Assistant counts the inspections and aggregates the information on a handwritten weekly log by type of inspection. This information is then used to generate an annual report that summarizes the number of inspections that took place during the prior year. The two staff assistants are responsible for entering the information from the correction notice into a word processing program that generates a letter to notify the homeowner/business of the code violation. Each staff assistant spends approximately two hours per day generating the notification letters.

If the business/homeowner fails to make the appropriate corrections, LDHB will send a second notice to the business/homeowner reminding them of the needed repair. LDHB will give the business/homeowner two more weeks to remedy the situation before conducting another inspection. If work is still not complete, LDHB will file a complaint with the Municipal Court where a court date will be set and a summons issued. According to the acting Building Commissioner, the entire process usually takes between 45 to 60 days, assuming it is necessary to file the case with the Municipal Court. LDHB's process for enforcing code compliance is similar in structure and timeframes as the peers. Although LDHB's process for enforcing code compliance is similar to the peers, it involves a significant amount of duplication of effort. For example, the inspector is required to hand-write a correction notice and submit it to two other clerks, who will eventually re-enter the same information into spreadsheet and word processing software. The City is then required to mail the letter to the business/homeowner, which increases the time needed to enforce the building codes and results in additional expenditures for postage and mailing supplies. Furthermore, the process outlined above makes it difficult for LDHB to accurately track and report information that would be useful for management decision-making (see **R5.1**). For example, LDHB was unable to provide AOS with the number of citations issued during the last three years by type or the percentage resolved successfully without Municipal Court intervention. Likewise, although LDHB tracks the number of inspections conducted, AOS was not able to easily verify the accuracy of the figures due to the cumbersome nature of LDHB's handwritten documentation and filing system.

The article *They're Not Just for Business Travelers Anymore* (SmartBusiness On-Line, 2008) indicates that prior to 2007, the City of Columbus's Building Department used a manual process for completing inspections and enforcing code compliance. Specifically, the article states "in the past, inspectors went to a site and brought back a written report, which was typed into the system by a clerk. The Deputy Director of the City's Department of Trade and Development, Building and Development Services indicated

that the process was time-consuming and redundant, causing delays and resulting in complaints from the building industry as a whole.” As a result, the City purchased and began using 120 laptop computers with internet capability, printers, and digital cameras in September 2007, which allow for immediate responses and more accurate record keeping. The laptops can record the information more quickly and building inspections are no longer backlogged. In addition, project histories are available on-line. One of the City’s field supervisor states, “...equally helpful has been the new means to retrieve a property’s history in comparison to the antiquated paper trail. Thanks to the sophisticated technology, customers and inspectors can typically find what they’re looking for with a couple clicks of the mouse. The laptop as a tracking device has also been invaluable to avoid inspections falling through the cracks as there is now a permanent record.” Lastly, the article indicates that the City of Columbus’s technology staff had to provide the inspectors and support staff with weekly training on how to use the laptops, software, and other portable equipment. However, because of the increased efficiency, clerks now have more time to cross-train in other functions.

Financial Implication: The technology the City of Columbus purchased which included the computers, mini-printers, cellular phones, digital cameras, docking stations, and wireless modems cost approximately \$7,000 per laptop. Assuming the City would need to provide each inspector with similar equipment (12 inspectors in 2008), the total estimated cost would be \$84,000. However, if the City is able to reduce one clerical position through the improved automation, the annual savings would be approximately \$45,100 in salaries and benefits. Additionally, the City would save approximately \$1,200 in postage costs if corrections notices were delivered at the time of inspection.

- R5.3 At a minimum, the City should consider making permit and license applications available on-line. To help make the form user-friendly on-line, the City should review the current application and instructions to determine if they can be simplified and limited to one page. Using the customer satisfaction survey identified in R5.6 to obtain feedback from contractors and citizens may help LDHB design a new form that can be accurately completed on-line. LDHB should also determine the feasibility of allowing citizens to submit applications and payments on-line. In addition to being more customer friendly, this would allow LDBH staff to process on-line applications when time permits during the day rather than having the work schedule determined by citizens/contractors walking into the office.**

Applicants complete permit and license applications at LDHB. The citizen/contractor meets with an Assistant Building Commissioner to verify that the application is complete and accurate, submits blueprints (when necessary), and the required payment. After the information is verified, it is given to the staff assistant to enter into the computer system. LDHB does not allow citizens/contractors to complete, submit, or pay for permits and licenses on-line. The acting Building Commissioner indicated that LDHB has not taken

this step because the current application is two-sided (one page) and would be difficult to place on-line and store without it becoming a two-page document. The acting Building Commissioner also indicated that the applications are usually completed incorrectly and using an on-line system would require significant follow-up by LDHB staff to make the corrections.

The cities of Kettering and Euclid provide citizens/contractors access to permit and license applications on-line that can be completed at home and submitted in-person to the respective building departments. The Planning and Development Director at Kettering indicated that the City is moving towards providing interactive applications that homeowners can complete and submit on-line when the applications do not require drawings or blueprints. Kettering also is moving towards accepting on-line credit card payments. In contrast to LDHB, Kettering's permit application is limited to the front side of one page and only requires basic information.

Code Compliance

R5.4 Partly because building safety ratings impact property insurance rates throughout the City, LDHB should work with the City officials to identify the funding necessary to meet the 96 hour training requirement advocated by BCEGS. To lessen the financial impact on the City and the impact on LDHB's service levels, LDHB should review BCEGS's training requirements and consider completing training sessions in-house with existing staff and/or through low cost alternatives such as self-study guides and on-line web-casts. Hiring part-time and/or seasonal staff identified in R5.1 would provide LDHB with additional staffing resources that could be used to cover absences while the inspectors are attending external training seminars. The City should also consider implementing the use of individual development plans (IDP) within LDHB. This would help ensure that LDHB employees are receiving appropriate training and certifications based on the mutual goals of the employee and the City. The IDP process will also help prepare LDHB employees to assume future leadership/administrative roles within the City.

According to LDHB's job descriptions, the minimum requirements to become a building inspector are a high school diploma or a General Equivalency Diploma (GED), three to four years experience or other equivalent training, a valid drivers' license and State certifications as an electrical safety inspector, a building inspector, and a plumbing inspector (plumbing inspector certification is preferred but not required). The minimum requirements to become a code compliance specialist are a high school diploma or a GED and one to two years of experience or equivalent training. The job requirements indicate that employees in both positions will maintain and upgrade their knowledge, skills, and development by attending seminars and training programs, and reading trade and professional journals and other related publications.

Based on a review of Lakewood's employee certifications, LDHB's building inspectors comply with the minimum certification requirements stipulated by their job description. However, despite the statements in the job descriptions, LDHB does not have a formal training program in place for employees beyond the requirements to maintain the State certifications. The BCEGS rating report identified LDHB's certifications and training as two factors that negatively impacted the City's overall rating. Specifically, BCEGS awarded Lakewood a certification score of 2.13 out of 12.00 possible points and a training score of 9.56 out of a possible 13.00. BCEGS also noted that LDHB's training hours were significantly lower than the county, state and national averages, and that each employee would need to receive 96 hours of training per year in order to earn the maximum rating. The acting Building Commissioner indicated that the low score for staff certifications is due to not having enough employees with certifications in the areas reviewed by the BCEGS (building, electrical, plumbing, fuel, and mechanical). The acting Building Commissioner also indicated that prior to 2006, LDHB had employees with the appropriate certifications to meet the BCEGS requirements. However, when these employees retired, LDHB did not have sufficient time to allow the replacements to train and obtain the appropriate certifications before the BCEGS rating period. Lastly, the acting Building Commissioner indicated that LDHB does not have enough staff and the City cannot financially support the cost of meeting the 96 hours of training advocated by the BCEGS.

Many organizations, including the National Defense Information Systems Agency and the Department of Agriculture's National Agriculture Statistical Services, use IDPs as a method to provide structured learning experiences to employees that are linked to organizational needs, goals, and job requirements. According to *Individual Learning Strategies: Individual Development Plans* (Human Technology Inc., 2008) an IDP is a formal document identifying a person's learning and development goals. The supervisor and individual jointly develop a plan that contains training, education and development activities to acquire the competencies needed to meet the IDP goals. Steps in developing the IDP include:

- Use the IDP to assess an individual's current skill levels, strengths, and development needs. The IDP can also be used to compare an individual's current ability with the required job competencies.
- Mutually determine developmental activities to be included in the IDP.
- Conduct an IDP meeting. The IDP can be developed after a formal performance appraisal, and it should be a separate discussion.
- Review and update the IDP regularly (once a quarter or twice a year).

Using an IDP process would help ensure that LDHB employees are receiving appropriate training, maintaining the required certifications, and are preparing to assume future leadership/administrative roles within the City.

Financial Implication: Training costs are not readily quantifiable because they will depend on a detailed needs assessment for each employee and a determination of which training programs could be completed in-house or through low cost alternatives (e.g., web-casts). Additionally, per the AFSCME bargaining agreement, employees could receive additional pay/stipends for achieving new certifications. However, the financial impact associated with the additional certifications is difficult to quantify without conducting a detailed needs assessment for each employee.

- R5.5 LDHB should conduct a detailed review of the commercial and residential wildland urban codes to determine the applicability to the City. If the codes are determined to be applicable, Lakewood should consider adopting them in an effort to improve the safety of the City and the overall BCEGS rating. If the codes are determined to be inapplicable, LDHB should contact the ISO (sponsors BCEGS study) and determine if this should continue to be included as a component of the City's BCEGS rating. The City should also continue its practice of annually reviewing and updating the building codes to reflect necessary changes.**

In addition to the inspector staffing levels and insufficient training/certifications, the City's overall rating by BCEGS was negatively impacted by the City's adoption of building codes. Specifically, the City received a score of 2.01 out of 4.00 in both the commercial and residential classifications, which was primarily due to not adopting a commercial or residential wildland urban code. Likewise, the City did not receive 2 bonus points that were available to municipalities that adopt commercial and residential building codes within one year of publication. The BCEGS report indicates that the majority of Lakewood's building codes were adopted within 2 to 3 years of publication, which met the minimum requirements but did not qualify for the bonus. The acting Building Commissioner indicated that the City still has not adopted the commercial or residential wildland urban codes because Lakewood does not have any wildland areas within City limits. Additionally, the acting Building Commissioner indicated that since the BCEGS review, the City has adopted a process where the building codes are reviewed and updated on a yearly basis to reflect necessary changes.

Customer Service

- R5.6 LDHB should consider conducting annual surveys of citizens and contractors to solicit feedback, determine satisfaction levels, and assist in determining areas for improvement. The survey should include satisfaction with the inspection process, permit and license issuance, timeliness of service, fee structure, and other similar issues.**

LDHB does not conduct surveys of citizens or contractors to evaluate customer satisfaction or obtain feedback for future improvement. By comparison, the City of

Euclid's Building Department conducts periodic surveys of citizens/contractors applying for building permits to determine overall customer satisfaction.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (Government Finance Officers Association (GFOA), 1999) indicates that a government should develop mechanisms to identify stakeholder concerns, priorities, and needs. This publication goes on to indicate that surveys are one mechanism that should be considered in promoting stakeholder participation. Likewise, in *Conducting a Customer Satisfaction Survey* (University of Florida, 2000), the Florida Innovation Group, a nonprofit organization that assists county and city governments, recommends using customer satisfaction surveys to assess the performance of departments within a government agency. A customer satisfaction survey can help find ways to improve program quality, information delivery and overall accountability.

Financial Implications Summary

The following table presents a summary of annual cost savings and implementation costs identified in this section of the report.

Table 5-4: Performance Audit Recommendations

Recommendation	Implementation Costs (One-Time)	Annual Cost Savings
R5.2 Purchase equipment to automate inspections	\$84,000	
R5.2 Potentially reduce clerical staffing by one position and eliminate postage costs		\$46,300
Total	\$84,000	\$46,300

Source: AOS Recommendations

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Division of Fire

Background

This section of the performance audit focuses on the City of Lakewood's (Lakewood or the City) Division of Fire (LDF). The objective is to assess LDF's practices against leading or recommended practices, industry benchmarks, and selected peer cities.¹ Sources of leading or recommended practices and industry standards include the National Fire Protection Association (NFPA), the United States Department of Homeland Security, the Cuyahoga County Fire Chief's Association, the Ohio Revised Code (ORC), and the Ohio Administrative Code (OAC).

Staffing

In 2007, LDF was comprised of 94.5 full-time employees (FTEs). LDF operates three fire stations, with employees working a three-shift system. Each shift works 24 hours on-duty followed by 48 hours off-duty and was staffed by a minimum of 18 FTE firefighters and 6 FTE Emergency Medical Services (EMS) employees. For 2008, the staffing levels remained unchanged. However, the City decreased the minimum manning requirement per shift from 24 FTEs to 20, which is projected to reduce LDF's overtime costs. A summary description of the LDF's functions includes the following:

- **Administration and Support Staff:** This classification consists of the Chief, a full-time administrative assistant and a part-time project specialist, for a total of 2.5 FTEs. The Fire Chief oversees the daily operations of the LDF, which includes developing the annual budget, managing the staff, and ensuring that firefighters and paramedics are properly equipped to provide service. The administrative assistant and project specialist are responsible for a variety of functions in support of the Fire Chief and other LDF personnel.
- **Fire Prevention:** The Fire Marshal and Fire Inspector make up the Fire Prevention Bureau (the Bureau) for a total of 2.0 FTEs. The Bureau is responsible for conducting all investigations and high hazard safety inspections for schools, day-care centers, high-rise buildings, and industrial operations. Additionally, the Bureau conducts annual fire safety education programs for Lakewood students.
- **Fire Suppression:** This classification consists of 3 assistant chiefs, 12 captains and 57 firefighters. These employees are responsible for conducting fire/rescue and medical response operations, and responding to hazardous conditions such as gas leaks, downed

¹ See the **executive summary** for a list of the peer cities and an explanation of selection methodology.

power lines, and chemical emergencies. The officers and firefighters also perform commercial building inspections, building pre-plans, and in the spring, annual hydrant testing and maintenance. All officers and firefighters are trained in the use of automatic electronic defibrillators and cardio-pulmonary resuscitation. However, only a portion of the employees is certified as firefighter-paramedics and can provide assistance to EMS staff. Since 1999, all new LDF employees are required by the Civil Service Commission to obtain or enroll in classes to obtain their Ohio Emergency Medical Technician (EMT)/Paramedic certificate to ensure future cross functionality. See **R6.1** for further assessment.

- **EMS²:** On a daily basis, each EMS shift is scheduled to consist of one supervisor and 5 paramedic staff, for a total of 18 FTEs over 3 shifts. All employees scheduled as paramedics are required to maintain certifications for providing advanced cardiac life support and pediatric advanced life support. Employees certified as paramedics are also required to stay knowledgeable of current medical issues and in the use of the LDF's medical equipment.

Financial Data

Table 6-1 compares LDF's expenditures to the peers for 2007, and includes LDF's budget for 2008.

² The LDF is comprised of 13 full-time paramedics (3 are supervisors). The LDF also employs 32 firefighters who have appropriate certifications to complete firefighter and varying levels of paramedic duties (firefighter/paramedics). The 18 paramedics assigned to EMS duties are comprised of the 13 full-time paramedics and 5 firefighter/paramedics. However, the assignments for the firefighter/paramedic employees can change on a daily basis, depending on need.

Table 6-1: Expenditures by Function

	Lakewood 2007	Lakewood 2008 Budget ¹	Cleveland Heights	Euclid	Kettering	Peer Average
Wages	\$7,272,619	\$6,554,969	\$5,730,860	\$5,537,277	\$4,741,697	\$5,336,611
Cost per response	\$1,048	\$945	\$1,071	\$823	\$709	\$868
Cost per citizen	\$139	\$126	\$122	\$114	\$87	\$107
Cost per house	\$256	\$231	\$263	\$212	\$176	\$217
Benefits	\$2,702,141	\$2,799,162	\$2,458,988	\$2,509,346	\$1,819,637	\$2,262,657
Cost per response	\$390	\$404	\$460	\$373	\$272	\$368
Cost per citizen	\$52	\$54	\$52	\$52	\$33	\$46
Cost per house	\$95	\$99	\$113	\$96	\$68	\$92
Operating	\$383,954	\$428,774	\$206,970	\$187,834	\$1,856,026	\$750,277
Cost per response	\$55	\$62	\$39	\$28	\$278	\$115
Cost per citizen	\$7	\$8	\$4	\$4	\$34	\$14
Cost per house	\$14	\$15	\$9	\$7	\$69	\$29
Capital Outlay	\$9,268	\$13,279	\$4,638	\$4,615	\$117,892	\$42,382
Cost per response	\$1	\$2	\$1	\$1	\$18	\$6
Cost per citizen	\$0	\$0	\$0	\$0	\$2	\$1
Cost per house	\$0	\$0	\$0	\$0	\$4	\$2
Total	\$10,367,982	\$9,796,184	\$8,401,456	\$8,239,072	\$8,535,252	\$8,391,927
Cost per response	\$1,495	\$1,412	\$1,570	\$1,225	\$1,276	\$1,357
Cost per citizen	\$199	\$188	\$178	\$169	\$156	\$168
Cost per house	\$365	\$345	\$385	\$315	\$317	\$339

Source: City of Lakewood, peer cities, and the 2006 Census Bureau population estimates

Note 1: Table includes fire and EMS expenditures.

Note 2: Totals may vary from actuals due to rounding.

¹The budgeted expenditures for 2008 are divided by the 2007 calls for service and housing counts. The 2008 service level information was not available during the course of this audit.

A summary analysis of **Table 6-1** includes the following:

- **Wages:** **Table 6-1** shows that LDF's wage expenditures are projected to decline 9.9 percent in 2008, which is due to the City changing the minimum manning requirement effective May 1, 2008 (24 FTEs to 20). The City projects that the change in minimum manning will result in a substantial decline in overtime costs (see **R6.2**). However, even with the projected decline, the City's wage costs per response, per citizen and per house are still higher than the respective peer averages. The higher cost ratios are attributed to LDF's staffing levels (see **R6.1**).
- **Benefits:** **Table 6-1** shows that Lakewood's 2007 and 2008 benefit costs are higher than the peer average on a per response, citizen, and house basis. While LDF's expenditures per citizen and per house in 2007 were similar to or lower than Cleveland Heights and Euclid, maintaining higher staffing levels (see **R6.1**) and offering generous health care

coverage levels contribute to LDF's level of benefit expenditures. See the **health benefits and performance measures** section of this performance audit for an additional analysis of the City's healthcare plan.

- **Operating:** Table 6-1 shows that LDF's 2007 operating costs are higher than two peers on a per response, citizen, and house basis, and are projected to increase approximately 12 percent in 2008. The higher expenditures can be partially attributed to Cleveland Heights operating one less fire station and neither Cleveland Heights nor Euclid operating a hook and ladder truck. The increase in 2008 is due to LDF projecting increases in utilities, operating supplies, repair parts, and service agreements.
- **Capital Outlay:** Table 6-1 shows that LDF's capital outlay expenditures are similar to two peers on a per response, citizen, and house basis, and are lower than the peer averages.

Operating and Demographic Statistics

Table 6-2 presents key operational data for LDF and the peers.

Table 6-2: 2007 Operating and Demographic Data

	Lakewood	Cleveland Heights	Euclid	Kettering	Peer Average
Number of Stations	3	2	3	7	4
Square Miles ¹	6.70	8.12	11.57	18.69	12.79
Square Miles per Station	2.2	4.1	3.9	2.7	3.5
2006 Population	52,194	47,097	48,717	54,666	50,160
Population per Square Mile (Density)	7,790	5,800	4,210	2,925	4,312
Housing Counts	28,416	21,798	26,123	26,936	24,952
Houses per Square Mile (Density)	4,241	2,684	2,258	1,441	2,128
Commercial Parcels	1,062	694	704	1,318	905.3
Fire Alarm Calls	1,634	1,304	1,259	1,241	1,268
EMS Calls	5,303	4,047	5,466	5,447	4,987
Total Fire and EMS Calls	6,937	5,351	6,725	6,688	6,255
Total Fire and EMS Calls per Station	2,312.3	2,675.5	2,241.7	955.4	1,957.5
Number of Structure Fires	61	51	86	46	61

Source: City of Lakewood, peer cities, and the 2006 Census Bureau population estimates

¹ Total square miles includes all land and water areas. For Lakewood, the Census Bureau reports land square mileage of 5.55 and water square mileage of 1.15.

Table 6-2 shows that LDF's number of fire stations, population, and housing counts are similar to the peers, with a few exceptions (Kettering's number of stations and Cleveland Heights' housing counts). However, the City's population and housing density, commercial parcels, and calls for Fire and EMS service are all higher than the peer averages. While LDF responds to a

higher number of fire and EMS calls in total, it responds to a lower number of calls per FTE and employs more FTEs per fire station when compared to the respective peer averages (see **Table 6-3** and **R6.1**). **Table 6-2** also shows that each station in Lakewood covers an average of 2.2 square miles, which is lower than each peer. However, the City averages more calls per station than the peer average. See **R6.1** for an additional discussion of LDF's calls for service, staffing levels and fire stations.

Assessments Not Yielding a Recommendation

In addition to the analyses in this report, LDF's negotiated agreements (Local #382 of the International Association of Firefighters, AFL-CIO and the Lakewood Paramedic Association) were compared to the peers to determine if the contract provisions contributed to overtime costs. With the exception of the minimum manning requirements (see **R6.2**), the City's contract provisions were comparable to the peers and applicable industry benchmarks.

Recommendations

Staffing

R6.1 The City should review LDF's staffing in relation to its goals and policies, and consider reducing 3.0 FTEs. However, to improve the long-term operating efficiency of LDF and potentially allow for additional staffing reductions, the City should continue requiring new firefighters to become EMS certified when appropriate; negotiate to revise the minimum manning requirements (see R6.2); review the use of mutual aid as a back-up response strategy (see R6.3); and investigate the use of volunteers and/or possible station closures. As Lakewood reviews these and other potential operational changes, the City should consider and investigate the potential impact such changes could have on citizen safety, prior to making final decisions.

In 1999, the City reached an agreement with Lakewood Hospital (the Hospital) to assume all responsibilities for providing emergency medical services (EMS) throughout the City. Prior to this, the Hospital was responsible for providing these services. Under the terms of the agreement, the City received the EMS staff and equipment from the Hospital, which were subsequently assigned to become part of the LDF. The City does not require firefighters hired before 1999 to maintain EMS certifications, which prohibits the City from using these employees to assist the EMS staff. Since 1999, the City can require new firefighters to maintain EMS certifications and, as a result, has hired firefighters with such certifications. However, the Chief indicated that the City has experienced little turnover since 1999, which results in the majority of LDF employees still providing separate firefighter and EMS services.

Table 6-3 presents staffing and operational statistics for LDF and the peers.

Table 6-3: Staffing and Operational Statistics

	Lakewood	Cleveland Heights	Euclid	Kettering	Peer Average
Total Fire Department Staffing ¹	93.0	78.0	77.0	62.0	72.3
Staff per 1,000 Residents ²	1.8	1.7	1.6	1.1	1.5
Number of Stations	3	2	3	7	4
FTEs per Station	31.0	39.0	25.7	8.9	24.5
Total Fire and EMS Calls	6,937	5,351	6,725	6,688	6,255
Total Calls per FTE	74.6	68.6	87.3	107.9	87.9

Source: The City of Lakewood, the peer cities, and the 2006 Census Bureau population estimates

Note: Total department calls are for 2007. Total fire and EMS staffing are for 2008.

¹ Total staff for Lakewood and the peers includes the Fire Chief and all fire prevention, fire suppression and EMS personnel. The total staff excludes administrative support personnel.

² Populations represent 2006 estimates from the US Census Bureau.

Table 6-3 shows that LDF employs more staff per 1,000 residents than each peer and more FTEs per station than two peers. Additionally, **Table 6-3** shows Lakewood's ratio of service calls per FTE (74.6) is lower than two peers. LDF's higher staffing levels are partially attributed to employing separate staff to perform the EMS and firefighting functions.

LDF would need to reduce 14.0 FTEs to achieve the peer average calls per FTE (87.9). However, Kettering uses volunteer firefighters to supplement the full-time staff reported in **Table 6-3**. If Kettering were excluded, LDF would need to reduce 3.0 FTEs to achieve the average calls per FTE maintained by Cleveland Heights and Euclid (78). This reduction would still allow the City to comply with the minimum manning requirements (see **R6.2**) and would make LDF's staffing per 1,000 citizens (1.6) more comparable to the peer average (1.5). To achieve a long-term reduction of 14.0 FTEs, LDF would likely need to consider a variety of organizational and structural changes, such as the following:

- Continuing to require employees to perform firefighter and EMS functions when appropriate;
- Using volunteers, similar to Kettering;
- Revising the minimum manning requirements (see **R6.2**);
- Reviewing the use of mutual aid as a back-up response strategy (see **R6.3**); and
- Reviewing the number of stations as recommended by the Structural Balance Task Force Committee (see the **Lakewood Performance Audit Phase I**).

Financial Implication: Based on the beginning firefighter salary for 2008 of \$44,112 and benefits comprising 37.1 percent of salaries in 2007, a reduction of 3.0 FTE firefighters would save approximately \$181,000 per year.

R6.2 Lakewood should negotiate to eliminate the minimum manning requirements from the collective bargaining agreements to enable City administration and the Fire Chief to determine appropriate minimum staffing levels. If this cannot be achieved, Lakewood should consider negotiating to reduce the minimum manning requirement for an apparatus to three employees. Along with allowing for management flexibility to appropriately staff LFD, eliminating or at least lowering the minimum staffing requirements would reduce overtime costs.

The negotiated agreement between the City of Lakewood and the Lakewood Association of Firefighters Local #382 defines minimum manning requirements. Specifically, appendix A of the agreement states:

- An engine company shall be comprised of a minimum of four firefighters, including one captain or acting captain, one driver operator, and two firefighters/firefighters-EMTs/firefighters-paramedics;

- A hook and ladder shall be staffed with a minimum of four firefighters, including one captain or acting captain, one driver operator, two firefighters/firefighters-EMTs/firefighters-paramedics;
- Each squad shall be staffed with a minimum of two EMTs, one of which must be qualified as an EMT-paramedic; and
- A command car with an Assistant Chief and a driver/staff aide

Because of the negotiated agreement, Lakewood requires a minimum of 24 firefighters each day to operate 3 engine companies, a hook and ladder company, 3 EMS squads, and a command car. If LDF's staffing level declines below 24 due to vacations, sick leave, and other time off, the City is required to call-in an off-duty firefighter for an overtime shift.

LDF's Chief indicated that the minimum manning requirements are based on standards stipulated by the National Fire Protection Association's (NFPA) 1710, *Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments* (National Fire Protection Association, 2001). Specifically, NFPA indicates the following:

- **Engine Companies:** Fire companies whose primary functions are to pump and deliver water and perform basic firefighting at fires, including search and rescue, shall be known as engine companies and shall be staffed with a minimum of four on-duty personnel.
- **Ladder Companies:** Fire companies whose primary functions are to perform the variety of services associated with truck work, such as forcible entry, ventilation, search and rescue, aerial operations, utility control, illumination, and salvage work shall be known as ladder companies and shall be staffed with a minimum of four on-duty personnel.
- **EMT:** Personnel deployed to advanced life support emergency responses shall include a minimum of two members trained as emergency medical technicians.

However, according to the article *NFPA 1710: Facts, Fallacies and Fallout* (Fire Chief Magazine, 2001), "one of the biggest misconceptions about NFPA 1710 is that it requires four person staffing on every rig. In fact, NFPA 1710's definition of a company indicates that the engine-company complement may arrive on different pieces of apparatus as long as they are dispatched and arrive at the same time, continuously operate together, and are managed by one company officer. For example, a two-person engine and two-person medic vehicle dispatched at the same time and arriving together would be in compliance.

Mutual aid and automatic aid agreements also may be used to comply.” Additionally, *Four Years Later, a Second Needs Assessment of the U.S Fire Service-Ohio* (United States Department of Homeland Security, 2007), indicates that out of the 11 fire departments in Ohio that responded in this study and serve communities with between 50,000 and 99,999 citizens, all 11 responded that only three career firefighters were assigned to each engine.

Table 6-4 compares Lakewood’s minimum staffing requirements, response times, and ISO rating to the peers.

Table 6-4: Minimum Staffing Standards

	Lakewood	Cleveland Heights	Euclid	Kettering	Peer Average
Minimum Staffing Levels Per Fire Apparatus	4	3	3	3	3
Minimum Staffing Levels Per EMS Squad	2	3	2	2	2
Minimum Staffing Levels Per Shift	24	16	16	19	17
Response Time Dispatch to First Arrival on Scene	4:01 Fire; 3:48 EMS	4:28	4:30 Fire; 4:10 EMS	5:58 ¹	N/A
ISO Rating	3	2	3	3	3

Source: Lakewood’s International Association of Firefighters negotiated agreement and peer interviews

Note: Total response times are for 2007.

¹ Kettering Fire Department’s response time was captured in an independent study for the time period of December 2006 through March 2007.

Table 6-4 shows that Kettering, Euclid, and Cleveland Heights all have established their minimum staffing requirements for each fire apparatus at 3, one fewer than LDF. Additionally, contrary to the peers, Lakewood has minimum staffing requirements included in the collective bargaining agreement. The minimum staffing requirements in **Table 6-4** for Cleveland Heights, Euclid, and Kettering represent informal management practices. For instance, the City of Euclid’s bargaining agreement indicates that “...sufficient personnel to operate all responding equipment and apparatus in a safe manner, as determined by the Fire Chief or other individual responsible for the day-to-day administration of the fire department, shall be maintained on duty and available for response to alarms.” Maintaining minimum staffing requirements in excess of peer cities and benchmarks results in additional costs for the City. For example, as indicated by **Table 6-1**, LDF’s wage costs are higher than the peers on a per citizen, response, and house basis. Furthermore, the City spent approximately \$928,000, or approximately 13 percent of total salaries, on overtime costs in 2007. In contrast, Euclid’s, Cleveland Heights’, and Kettering’s overtime as a percent of salaries was approximately 2.0, 3.9 and 12.7 percent, respectively.

Table 6-4 also shows that despite having lower minimum staffing requirements, the peer cities are achieving comparable ISO ratings as Lakewood. The ISO rating measures the fire alarms and communications system (10 percent of the rating), first alarm response and initial attack to minimize potential loss (50 percent), and the City's water supply system (40 percent). Although **Table 6-4** shows that LDF's response times are lower than the peers, this can be partially attributed to the smaller size of Lakewood. More specifically, LDF is responsible for covering 6.7 square miles while Cleveland Heights covers 8.1 square miles, Euclid covers 11.6 square miles, and Kettering covers 18.7 square miles.

During the course of this performance audit, the City reduced LDF's minimum manning requirement to 20 FTEs in an effort to reduce overtime costs. Under the revised standard, LDF's minimum staffing level averages approximately 3.0 firefighters per engine, similar to the peers. However, City officials implemented this change without reaching an agreement with the union beforehand. As a result, the union has filed a grievance on the issue.

Financial Implication: The City estimates it will achieve a total savings of \$527,000 in overtime costs by reducing the minimum staffing requirement to 20 FTEs.

Planning

R6.3 The City should continue negotiating with the City of Cleveland to reach a mutual aid agreement. This would provide additional coverage on the City's east side that could be used in the event of a major emergency. However, in negotiating the agreement, the City should consider including a cost recovery fee that could be implemented if there is a large disparity in the level of services provided by one city. Likewise, the City should consider negotiating with the Cities of North Olmstead, Westlake, Rocky River, Bay Village, and Fairview Park to update the mutual aid agreements to reflect current operations and to include a cost recovery fee provision.

Once these agreements are in place, the City should review its response strategies in relation to the overall staffing levels and minimum manning requirements, City demographics and geography, and response times from neighboring cities to determine the potential for additional staffing adjustments. Using mutual aid as a formal response strategy could help the City achieve staffing reductions beyond the 3 FTEs identified in R6.1.

Lakewood has a mutual aid agreement with the Cities of Bay Village, Rocky River, Westlake, Fairview Park, and North Olmstead that was originally negotiated and signed in 1980. Under the terms of the agreement, the member cities agree to provide an

interchange of services of the Fire Departments and use of fire personnel and equipment between the parties by rendering “like services” to those used when responding to fire and other emergencies within their own respective cities.

Under the current staffing structure, LDF’s available resources to respond to an emergency within the City include a command car, three fire engines, one hook and ladder, and three EMS squads. According to LDF’s Chief, the first response to a structure fire within the City would be comprised of two engines, a hook and a ladder company, an EMS squad, and a command car for a total of 16 staff. The remaining staff members are held in reserve in case another emergency occurs elsewhere in the City, to provide back-up coverage to the 16 staff responding to the first emergency, or to respond to a request for mutual aid. LDF’s current staffing level provides the City with adequate coverage as the City rarely requests mutual aid from neighboring cities. For example, in 2007, the City responded to requests for mutual aid 20 times, but only requested mutual aid three times. The Chief indicated the disparity is attributed to the staffing levels in the neighboring cities (lower minimum manning practices) and the location of fire stations, which make it difficult for neighboring cities to respond to LDF’s request for mutual aid in a timely manner.

In comparison to Lakewood, the peers appear to use mutual aid as a formal back-up response strategy. This can help them maintain lower total staffing levels and, in turn, lower reserve staffing levels. For example, in a 2005 survey conducted by the Cuyahoga County Fire Chief’s Association, the City of Euclid reported using 76 firefighters (minimum manning of 16), requested mutual aid assistance 28 times and provided assistance 16 times. Likewise, the City of Cleveland Heights reported using 70 firefighters (minimum manning of 19), requested mutual aid assistance 174 times and provided assistance 164 times. In the same survey, LDF reported using 93 firefighters (minimum manning of 24), but only requested mutual aid response three times in 2005 while providing mutual aid three times.

Another potential reason for the disparity in use of mutual aid and staffing levels is that the City does not have a mutual aid agreement with the City of Cleveland, which shares the border on the east-side of Lakewood. According to the Chief, the City tried to negotiate an agreement with the City of Cleveland in the past. However, the two cities were unable to reach an agreement on protocol and sharing of resources. As a result, in the event of a major emergency, the east-side of Lakewood would be covered solely by LDF staff.

During the course of this audit, the Chief indicated that the City began negotiating with the City of Cleveland in another attempt to establish a mutual aid agreement. The Chief also indicated that the contents and provisions of mutual aid agreements are subject to negotiation, including potential cost sharing/recovery options if there is a large disparity

in the level of services provided by one city. The City's current mutual aid agreement lacks cost sharing/recovery options and instead, the municipalities provide mutual aid at no cost. Through a City Council resolution passed in 2007, the City of Clayton (Montgomery County) adopted a standardized fee schedule for providing EMS services. In this same resolution, City Council authorized the City Manager, with the assistance of the Fire Department, to investigate entering into reciprocal agreements with adjoining municipalities for the imposition of standardized fees when services are rendered pursuant to mutual aid.

R6.4 The City should develop a succession plan. This would help ensure a smooth transition between future retirees and newly promoted firefighters, particularly in key leadership positions. This would also help the City plan for the costs associated with severance payouts to future retirees and hiring new employees.

The City of Lakewood does not have a succession plan for its fire division staff. As of May 31, 2008, the LDF has 18 firefighters eligible for retirement with an additional 15 firefighters who will be eligible at various times over the next five years, including the Chief, assistant chiefs, and captains. In total, within the next five years, Lakewood may need to replace approximately 41 percent of the work force within LDF. This could have a significant impact on the City's financial condition due to the severance payouts that are obligated to future retirees.

According to the article *Succession Planning: An Idea Whose Time Has Come* (Public Management, January/February 2005), identifying and developing the best people for key leadership roles is basic to future organizational success. To ensure that success is indeed continued, organizational leaders need the excellent performance in their organizations preserved, if not enhanced; need important leadership positions identified; want to strengthen individual advancement; and want to have the right leaders prepared for the right positions at the needed time.

The article further indicates that best practice governments use succession planning to develop and maintain strong leadership and to ensure that they address all the competencies required for today's and tomorrow's work environment. The primary task of succession planning is to outline a sequence of personnel moves so that candidates for key positions are known in advance of actual need. There are eight sequential actions involved in successfully implementing this type of plan:

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

- Conduct management training;
- Implement development strategies and tactics; and
- Monitor and evaluate.

According to ORC § 124.45 and ORC § 124.46, vacancies above the rank of regular firefighter shall be filled through competitive promotional examinations administered by the Civil Service Commission, and promotions shall be by successive ranks. As such, the City is somewhat limited in its capacity to promote specific employees based on overall potential. However, without succession planning, the City is foregoing the opportunity to ensure competent and proficient employees are available and prepared to take the civil service exam when positions become vacant. Succession planning also ensures that replacements have been prepared to fill key vacancies, and individuals have been groomed to assume greater responsibility and prepared to increase proficiency in their work.

Lastly, the State Legislature created a deferred retirement option plan (DROP) in 2002, which is administered by the Ohio Police and Fire Pension Fund and encourages eligible police officers and firefighters to delay retirement up to eight years through a variety of financial incentives. According to the Finance Director, the DROP program could have a significant operational and financial impact on the City beginning in 2011 (the eighth year after the legislation was enacted). The potential impact of the DROP program on the City's operations further highlights the importance of developing a succession plan that ensures a smooth transition between future retirees and newly promoted firefighters, and estimates the costs associated with meeting retiree severance obligations and hiring new employees.

Technology

R6.5 The City should move forward with its plans of using a technology committee (the Committee) to review technology use on a City-wide basis. In performing the review of LDF, the Committee should ensure that the proposed solution eliminates the need for using multiple software packages/internal databases. If the Committee decides to purchase new software for LDF, the City should solicit requests for proposals and require that potential vendors demonstrate and guarantee that the software will be compatible with the computer-aided dispatch system (CAD) and/or any other City-wide programs in use at the time. The City should also ensure that appropriate training is provided to all fire department personnel. Taking these actions will help eliminate the current duplication of effort and better ensure data integrity.

LDF uses a variety of software packages, including a CAD system that is used for tracking fire service calls, incident reports, and records management; an EMS software package for billing purposes; and an internal database for tracking fire inspections and

investigations, employee scheduling and payroll reporting. The Chief indicated that separate software packages/databases are necessary due to limitations with the CAD system that include an inability to input employee rosters for scheduling and payroll reporting, the inability to create electronic forms to facilitate inspection and investigation tracking and reporting, and inaccurate reporting of certain other fire and EMS data. ORC § 3737.24, OAC § 1301:7-1-01, OAC § 104.6.3 and OAC § 104.6.3.1 require the City to report various service level information to the State Fire Marshal on an annual basis. To meet year-end reporting requirements, the Chief reviews all information tracked by the CAD system and makes manual adjustments to reflect information tracked through the EMS billing software and internal databases (investigations and inspections). The Fire Chief also indicated that maintaining separate systems results in a significant duplication of effort due to entering information into multiple systems and manually tracking certain records.

The Fire Chief has investigated purchasing new software that could resolve many of the inefficiencies noted above. However, the software vendors could not verify that their software would be compatible with the CAD system. LDF's CAD system operates as a sub-program of the records management software that is used on a City-wide basis to meet the reporting needs of other departments, which makes it difficult for LDF to unilaterally replace the CAD program. As a result, LDF postponed the purchase until the compatibility issues could be resolved. During the course of this performance audit, the City formed a committee to investigate the limitations of the records management/CAD system and the use of technology on a City-wide basis.

Financial Implications Summary

The following table presents a summary of annual cost savings identified in this section of the report.

Table 6-5: Performance Audit Recommendations

Recommendation	Annual Cost Savings
R6.1 Reduce 3.0 FTE firefighters	\$181,000
R6.2 Limit overtime costs by negotiating to reduce the minimum manning requirements.	\$527,000
Total	\$708,000

Source: AOS Recommendations

Client Response

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

Lakewood’s official response notes that the City disagrees with the recommendation to review the staffing assignments within the Parks and Public Properties and Forestry Divisions, and within the Street Department. The City’s response further indicates that the employees within these areas have broader responsibilities than identified in the report. The employee responsibilities and cross-functionality of staff were reviewed as part of the performance audit, but were determined to be similar to the peers. However, when the employees are grouped according to their primary function, there were significant variances in the City’s staffing assignments. Additionally, the performance audit notes that the City’s road ratings, as reported by the Ohio Public Works Commission, are unfavorable compared to the peers. In consideration of these issues, the performance audit recommends that the City conduct a cost-benefit analysis to determine the “best” approach for improving the road conditions and ensuring cost-effective operations, which may include contracting for additional work and/or reviewing the staffing variances and completing additional work in-house.



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EDWARD FITZGERALD
MAYOR

November 13, 2008

Mr. James W. Penning
Chief Auditor
Performance Audit Section
Auditor of State
615 Superior Ave. N.W.
Cleveland, OH 44113-1801

By Fax – 216-787-3361

Dear Mr. Penning:

We are in receipt of the preliminary draft of the recently completed performance audit of our City's operations, and participated in the post audit conference with members of your staff on October 30th, 2008. This correspondence will serve as our written response to the performance audit as presently constituted.

First of all, we wish to thank you and your staff for the expeditious manner in which all of the phases of this audit were conducted. In particular, the initial review of our finances at the beginning of 2008 was helpful as we entered a very difficult budget process which necessitated significant cuts in our operating budget. Your confirmation of our financial standing provided a needed outside opinion which gave additional confidence to the public and interested parties in the accuracy of our own findings.

The serious fiscal challenges facing our city this year necessitated that quick action had to be taken to stabilize our budget. Unfortunately, we did not have the luxury to await the findings of Phase 2 of the performance audit. Happily, a number of the suggestions made in Phase 2 had already been implemented by the city in the intervening months.

For instance, the Performance Audit suggests increasing employee contributions for health care. This change was made early in 2008 for non-union employees, and was negotiated with the two unions with which we had outstanding contracts. The city also implemented a change from a 100% plan to a 90% plan for the aforementioned employee groups, before that change was advocated in the report.

The Performance Audit also suggested "full implementation" of the CitiStat performance measurement program, a step the city took in January of 2008.



The performance audit suggested the use of a "technology committee" to review technology use on a city wide basis. This committee was already formed in the spring of 2008, and completed a comprehensive and ongoing review of city hall technology use and strategy.

The Performance Audit also suggested that the city's building department make greater use of technology to improve efficiency. This proposal was also suggested by our technology working group, and has already been partially implemented, with the balance of tech improvements budgeted for 2009.

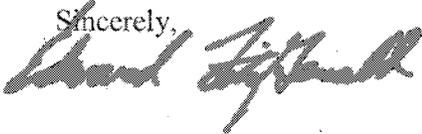
The Performance Audit suggested reducing Fire Department staffing by three FTEs, another action already taken by the city after mid-year budget adjustments. Also, it was recommended that minimum manning requirements be adjusted, an action already taken by the city in the spring of 2008, and which already reduced firefighter overtime by approximately 85%.

In sum, the city is gratified that many of the reductions and efficiencies implemented in 2008 were confirmed by the independent analysis of this report, and that the city made additional reductions and efficiencies not detailed in the report itself. Indicative of this fact is that the projected savings of the Performance Audit's report is \$2.1 million, while the city has reduced spending by more than \$4 million in this year alone, with additional savings budgeted for 2009.

The city did find itself in disagreement with the report's proposal to eliminate 6 FTE's from Parks and Public Properties and Forestry division, while adding 7 FTEs to the streets department. The positions whose removal was suggested have broader responsibilities than defined in the report, while we believe creating a net gain of employees by increasing the size of the streets department is counterintuitive.

In conclusion, I must note that the staff of the Auditor's office was unfailingly professional and hard-working, and it was a true pleasure to work on this project for the common good of Lakewood residents.

Sincerely,



Edward FitzGerald